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**RELATIONSHIP BETWEEN GUEST PERCEPTIONS OF SERVICE QUALITY
AND CUSTOMER LOYALTY IN THE HOTEL INDUSTRY IN SOUTH
FLORIDA**

Dissertation

Presented in Partial Fulfillment of the Requirements for the Degree of

Doctor of Philosophy

College of Business Management

Lynn University

By

Chen-Hsien Lin

2005

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Relationship between guest perceptions of service quality and customer loyalty in the
hotel industry in South Florida

Chen-Hsien Lin, Ph.D.

Lynn University, 2005

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By Chen-Hsien Lin

December, 2005

Abstract

The chief goal hotels strive to accomplish is to satisfy and retain their customers. Previous research showed that contented hotel guests are more likely to revisit a hotel than guests who were somehow dissatisfied (Schall, 2003). South Florida is one of the most attractive destinations in the U.S. for tourists. The hotel industry in South Florida has grown rapidly in recent years to serve the increasing number of tourists. However, studies regarding the hotel industry in South Florida are limited. This study attempted to scrutinize and investigate the relationship between service quality and customer loyalty in the hotel industry in South Florida, encompassing Dade, Palm Beach, and Broward Counties. The specific purposes of this explanatory quantitative study were: (a) to describe hotel guests of participating hotels located in South Florida, U.S.A. in terms of socio-demographic characteristics, perceptions of service quality of service providers, and customer loyalty; (b) to scrutinize the relationships between socio-demographic characteristics, service quality dimensions, and customer loyalty; and (c) to produce connotations for service quality training in customer loyalty strategies and service improvement in the hotel industry in South Florida.

In this research, service quality was measured through perceptions of hotel guests toward the service quality of hotels located in three counties in South Florida, through

five dimensions of *SERVQUAL* (tangibles, reliability, responsiveness, assurance, and empathy). Customer loyalty was measured by hotel guests using the *7-item Modified Customer Loyalty*. These instruments showed acceptable reliability, which were greater than .80. A factor analysis was conducted to confirm the validity of these instruments; scores ranged between .70-.80 for both. Three-hundred-sixty-nine hotel guests who stayed in hotels in South Florida successfully completed the survey. Using quota sampling, participants were approached to complete the survey questionnaire on the beach located in three counties in South Florida. Results demonstrated that service quality in terms of reliability, responsiveness, assurance, and empathy were significant explanatory variables of customer loyalty. The hypothesis of this study was partially supported as tangible was not significant explanatory variable of customer loyalty. This study found no difference regarding perceptions between males and females. However, there was a significant difference for repeat patronage based on education level. Recommendations for future studies included exploration of the relationship between customer loyalty and other factors that can affect customers' use of services with a hotel, such as hotel reputation, special services, promotion, and location, etc.

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CHAPTER 1

INTRODUCTION

In today's competitive business environment, a company needs to find new strategies to contend with competitors. An attempt to satisfy customers and retain them becomes an important goal that firms need to achieve. A study by Gaylord Opryland Hotel in Nashville (2000) indicated that satisfied customers are more likely to visit a hotel again than customers who were somehow dissatisfied (as cited in Schall, 2003). Evans (1995) indicated that an increase of 2 % in retaining customers can help a company reduce costs by 10%. This is consistent with the finding of Reichheld and Sasser (1990) that an increase of 5% in customer loyalty can lead to an enhancement in profitability of up to 85%. On the other hand, it costs a company six-15 times more to attract new customers than to keep the existing ones (Pulman, 2002). Most firms currently realize that customer satisfaction can lead to long-term success; the hospitality industry, especially hotels, is no exception to this rule (Soutar, 2001).

The global hotel industry has increasingly developed, in past decades, resulting in over-construction and high competition among hotels (Min & Min, 1997). The rapid growth in the industry forced hotels to begin to seriously recognize the importance of service improvement (Min & Min, 1997). In 1992, Berry and Parasumaran indicated that 78% of the surveyed managers in North America, Western Europe, and Japan believed that the key to competitive success were service improvements (as cited in Min & Min, 1997). Service quality is one of the indicators of customer satisfaction and hotel profitability (Kotler, Bowen, & Makens, 1996). Service quality is imperative to a hotel to distinguish itself from competitors and accomplish customer satisfaction (Kandampully

& Suhartanto, 2000). Customers evaluate quality of service by comparing their expectation with their perception (Parasuraman, Berry, & Zeithaml, 1988). Hence, in order to attain a competitive advantage and retain the customers; service quality improvement has become a major instrument in the hotel industry (Kandampully, Mok, & Sparks, 2003).

After the events of September 11, the hotel industry was forced to reduce expenditures, encompassing downsizing of employees and reductions in services and amenities. Along with this event, the Iraq war and SARS epidemic also led to a decrease of the number of hotel guests. The hotel industry has currently recovered from these events, and has raised a score of customer satisfaction to 83 in the third quarter of 2003 from July through September (Barsky & Nash, 2003). However, the hotel industry needs to consistently maintain and improve service quality and attractiveness to increase satisfaction of customer score, because customer satisfaction plays a vital role in accomplishing customer loyalty and profitability of the firm (Barsky & Nash, 2003).

South Florida is one of the most attractive destinations in the U.S. for tourists. The hotel industry in South Florida has grown rapidly in past years to serve the number of tourists' arrivals that slightly increase every year. The South Florida Tourism Department reports that the hotels in Dade, Palm beach and Broward counties were able to close the pre-September 11 gap for the room occupancy and rate in the first six months of the year 2003 (DuPont, 2003). In 2004, the numbers of licensed hotels in Dade, Broward, Palm Beach counties were 298, 136, and 73 respectively (Florida Statistical Abstract, 2004). Compared to the number of licensed hotels in three counties in 2003, there was an increase of 11 hotels for Dade, 5 hotels for Broward, and 3 hotels for Palm

Beach (Florida Statistical Abstract, 2004). In 2003, the number of tourists who visited South Florida only in the Fort Lauderdale area was approximately 8.6 million. (Greater Fort Lauderdale Convention and Visitors Bureau, 2004). However, not all the guests have been happy with the services that they have received during their stay in these hotels (Barsky & Nash, 2003). Based on research regarding customer satisfaction, and costs, and profit, unsatisfactory service may possibly hinder the hotel industry in South Florida. Thus, the need to improve quality of service in hotels seems important.

Customer satisfaction and customer loyalty are not new concepts. Best-practice hotel organizations perceive customer satisfaction as one of the most important strategic weapons of ensuring profit gains (Min, Min, & Chung, 2002). Customer satisfaction arises when a hotel service, as seen by customers, meets or surpasses their anticipation (Reid & Bojanic, 2001). The priority for most hotels regarding customer service is to satisfy and retain their customers. Tepeci (1999) concluded that hotels need to learn their customers' needs and expectations and try to fulfill those needs. Pittsburgh & Salomon (1994) predicted that a hotel which cannot meet customers' expectations or fails to fulfill customers' service requirements would be out of business in seven-nine years. Thus, in order to survive, the hotel needs to build appropriate service standards regarding customers' wishes and desires (Min, Min, & Chung, 2002). Once customers become satisfied, hotel managers need to discover the key driver that moves customers from satisfied to loyal, and factors that determine their loyalty (Tepeci, 1999). With an understanding of what makes customers return to a hotel, managers can develop a strategy to improve service quality and customer loyalty (Schall, 2003).

Although a satisfied customer can add a great deal to the outcome of the hotel (Tepeci, 1999), customer satisfaction is not enough for the hotel to raise their competitive advantage, and effectiveness (Kandampully & Suhartanto, 2000). The concept of customer loyalty has been recently discussed as an ultimate goal of firms to attain. Customer loyalty is particularly vital to the hotel industry, because of the intense competition among mature sectors of the industry (Bowen & Shoemaker, 1998; Mattila, 2001a; Mattila, 2001b). Moreover, customer satisfaction alone does not guarantee that contented customers will come back to use the service again (Kandampully & Suhartanto, 2000). Thus, the hotel industry has invested considerable amounts of money per year to increase customer loyalty (Schall, 2003). For example, Skogland and Siguaw (2004) noted that Marriot paid out about \$56 million in 1996 for its Honored Guest program, whereas Hyatt spent about \$25 million on its loyalty program in the same year. The hotel industry needs to build customer loyalty in innovation way so their products aren't duplicated by competitors quickly (Bowen & Shoemaker, 1998), to increase market share (Tepeci, 1999), as well as improve their profits (Kandampully & Suhartanto, 2000).

Customer Satisfaction influences the extend of service improvement, and vice versa (O'Neill, 2001). According to McAlexander, Kaldenberg, and Koenig (1994) the relationship between customer satisfaction and service quality is strong when considered from either path. Hotels improve their service quality to enhance customer satisfaction, which could be the platform for a hotel to achieve customer value and loyalty, and eventually improve overall financial performance (Dube & Renaghan, 1999; Knutson, 2001). Previous research by Hurley and Hooman (1998), indicated that perceptions of service quality impact feelings of satisfaction, which could influence loyalty and the

decision to return in the future. However, no empirical studies were found, that examined the relationship between service quality and customer loyalty in the hotel industry, especially in South Florida.

Purpose of the Study

The purpose of this study was to explore the relationship between hotel guests' perceptions of service quality and loyalty (repeat purchase) in the U.S. hotel industry, focusing on the South Florida district. In addition, this study was measure perceived service quality of selected hotels located in South Florida. Results can lead to service improvement in specific hotels in South Florida. Specific purposes of this study are:

1. To describe hotel guests of participating hotels located in South Florida, U.S.A. in terms of: (a) socio-demographic characteristics, (b) perceptions of service quality of service providers, and (c) customer loyalty.
2. To scrutinize the relationships between socio-demographic characteristics, service quality dimensions, and customer loyalty.
3. To produce connotations for service quality training in customer loyalty strategies and service improvement in the hotel industry in South Florida.

Definition of Variables

The independent variable of this study is customers' perceived service quality measured by the *SERVQUAL* instrument, as modified by the researcher. The service quality was defined and measured by five variables, which are Assurance, Empathy, Reliability, Responsiveness, and Tangibles. The dependent variable is customer loyalty,

measured by the Customer Loyalty modified by the researcher. In sum, the objective is to test if the customer loyalty depends on service quality. In this study, customer loyalty is defined, based on three variables: "Price Insensitivity", "Repeat-Patronage Intentions", and "the Propensity to Spread Positive Word-of-mouth". The contextual variable is socio-demographic characteristics, measured by the Socio-Demographic Survey developed by the researcher. Socio-demographic variables include age, gender, income, marital status, employment status, educational level, occupation, and length of stay.

Justification

The justification of this study is considered its connotation, the extent to which it is a researchable topic, and practicability of the study. This study can add organizational knowledge about service quality and customer loyalty that may prompt the need for service quality training in the hotel industry of South Florida. Even though customer loyalty is important in today's business, much research places an emphasis on "word-of-mouth," or the willingness of referral, rather than the propensity to stay, or repeat patronage intentions, especially in the hotel industry. Research indicates that an increase of 2% of repeated purchase customers can assist an organization to diminish its expenses by 10% (Evans, 1995). Thus, it would be beneficial to research the hospitality and tourism industry to explore the importance of hotel guests' intention to repeat patronage, especially the hotel industry in South Florida, which has little research to date examining the importance of this area.

Although many studies discuss the relationship between customer satisfaction and loyalty (Skogland & Siguaw, 2004), and customers' perceptions of service quality (Juwaheer & Ross, 2003), no study has established the relationship between service

quality dimensions as the key indicator of customer satisfaction and customer loyalty. The modified version of the *SERVQUAL* instrument originally developed by Parasuraman, Berry, and Zeithaml in 1988 and the *Customer Loyalty* instrument originally developed by Skogland and Siguaw in 2004 in the hotel industry could be useful in such research. The relationship of each dimension for both instruments has yet not been discovered. The South Florida hotel industry may enjoy advantages from this study through application of the findings to their service improvement in each dimension to find out whether service quality training is needed.

This study is researchable because it asks methodical questions and has variables that can be tested. This study is viable because it can be applied in a reasonable amount of time, topics are available, and conceptual frameworks can be quantified. Hotels' guests are straightforwardly reachable in Dade, Broward, and Palm Beach counties in South Florida. This study can also describe all variables by using statistical analyses to answer research questions and hypothesis. The price of conducting this research is affordable. Ultimately, this study is sensitive to ethical considerations to protect human subjects.

Delimitations and Scope

1. The geographic area and setting is limited to Dade, Broward, and Palm Beach counties, South Florida, U.S.A.
2. Hotel guests are limited to the guests who stay overnight at the hotel.
3. Participants are directly approached at the beaches located in Dade, Broward, and Palm Beach counties only.
4. Hotel guests must be able to fluently write, read, and speak English.

5. Hotel guests are 18 years or older, to participate in this study.

Summary

Chapter 1 presents an introduction of the study regarding hotel guests' perceptions of service quality of hotel and customer loyalty in the hotel industry of South Florida. The introduction section includes the importance of customer satisfaction, customer loyalty, the hotel industry, and service quality. The purpose of the study is also described. Terms of definitions, both theoretical and operational, for each variable are defined. The delimitations of the study are also identified. The study is justified because it is significant, researchable, and feasible. Chapter 2 presents the literature review, theoretical foundation, and empirical studies identified for this study about hotel guests' perceptions and customer loyalty in the hotel industry of South Florida.

CHAPTER 2

REVIEW OF THE LITERATURE

Introduction

Today, all industries, including the hotel industry, face a highly competitive environment. The hotel industry in South Florida has grown rapidly in recent years to serve the increasing number of tourists. Hotel managers need to seek strategies that promote effective competition with rivals. While focusing on improvement of hotel's facilities or products, hotel managers also need to be assured that their service qualities are matched with customers' needs and expectations. However, the behaviors of today's customers have changed. Customers are less likely to be satisfied with service, even though services delivered meet with their expectations. This is because customers do not perceive the discrepancy of service that they expect from hotels. Today's customers need to receive service that is beyond their expectations. In order to make customers satisfied, not only do managers need to assure that service provided to customers is suitable for customers, but also is beyond their expectations.

By increasing customer satisfaction that leads to customer loyalty, service quality is viewed as a fundamental aspect on which managers need to focus. The intention to revisit a hotel in the future is an indicator of service quality satisfaction of a particular hotel perceived by customers. Thus, the concept of customer loyalty focuses on repeated purchasing behavior of customers, which describes the relationship with customer satisfaction, is reviewed (Skogland & Siguaw, 2004). However, the literature on the relationship between perceived service quality of customers and the intention of repeated

purchasing behavior of customers is limited, especially in the hotel industry of South Florida.

The literature review begins with an overview of concept of customer satisfaction, loyalty, service quality, and the hotel industry. In addition, this literature review provides a theoretical foundation, and empirical studies for this study.

Review of the Literature

Theoretical Foundation

The theoretical literature in this study focuses on two major theories—service quality and customer loyalty. Based on the literature review, customer loyalty can be categorized into two components - behavioral and attitudinal (Kandampully & Suhartanto, 2000). According to Bowen and Shoemaker (1998), behavioral dimension refers to consumers' behavior on repurchasing, which demonstrates a fondness for a service over time. In contrast, Getty and Thompson (1994) indicated that attitudinal dimension refers to consumers' intention to repeat their purchases and refer the hotel to others, which are positive determinants of customer loyalty. The theory of customer loyalty is based on these two concepts.

Dick and Basu (1994) recommend that marketers close the gap in three major approaches as follows: a) try to decrease the discrepancy advantage of the top brand; b) enhance the brand differentiation; or c) stimulate spurious loyalty from customers. They also proposed three classifications of loyalty – Latent loyalty, Spurious loyalty, and No loyalty. Latent loyalty occurs when a customer has a positive attitude toward a firm's brand, more than its competitors' brands; however, a customer does not show a high support or repeat purchase because of some situational or environmental variable.

Spurious loyalty occurs when a customer repeatedly purchases a brand, but does not clarify major distinction among brands. This could happen when no choices in a group were available. Also, this could exist when the alternative is perceived as part of prior experiences and habits. Ultimately, no loyalty occurs in a category when customers perceive little differences between products, and there is a low incidence of repurchasing. Products or services switching are normal, and alternatives among them are basically produced based on some situational components. In sum, “customer loyalty composes of both attitudinal commitment to the relationship, such as price insensitivity, and other, moreover loyalty behavior, such as positive word-of-mouth and repeat patronage” (Skogland & Siguaw, 2004, p. 6). Thus, the patronage literature provides the theoretical foundation for the loyalty concept.

Theory on Service Quality is based on Parasuraman, Berry, and Zeithaml’s (1988) study. Service quality consists of five dimensions – Tangibles, Assurance, Reliability, Responsiveness, and Empathy. Among these five dimensions, this study is to determine hotel guests’ expectations and perception of the quality of service, and a comprehensive scale adapted from *SERVQUAL*.

Customer Satisfaction and Customer Loyalty

Customer Satisfaction

The concept of customer satisfaction has been historically in marketing and consumer researchers for years (Ueltschy & Krampf, 2001). Customer satisfaction is considered to be one of vital factors in a service industry (Kandampully & Suhartanto, 2000). In the past decade, improving customer satisfaction has become one of the most important issues, stimulating all industries to have to pay attention (Barsky & Labagh,

1992). However, the concept of achieving customer satisfaction is still important in today's business (Chu, 2002). In 1988, Tse and Wilton defined customer satisfaction as the customer's feedback to the assessment of the perceived inconsistency between previous anticipations and actual performance (as cited in Ueltschy & Krampf, 2001). In consistent with this definition, Homburg and Glering (2001) defined customer satisfaction as the outcome of a cognitive and sentimental assessment, where some comparison standard is contrasted to the performance that is actually seen. Satisfaction with a product or service provided has been recognized as a key indicator for loyalty and, possibly more significant, a company's productivity. Previous research has revealed that content customers demonstrate reduced price sensitivity and enhance the customer base through positive "word-of-mouth." Furthermore, research showed that an increase of customer satisfaction is likely to lead to repeat-purchase behavior (Skogland & Siguaw, 2004).

Customers who have fulfilled their expectation in a hotel are more likely to be contented. If their anticipations were exceeded, they may increase their satisfaction (Bowen & Shoemaker, 1998). This sort of customer satisfaction is a requisite for customer loyalty; however, contented guests may not become loyal guests. For example, tourists who seldom visit a specific area cannot simply become loyal guests to that hotel, because they may or may not revisit that area again. In addition, some customers look for assortment and sample a special hotel each time when they revisit that area (Bowen & Shoemaker, 1998). Those guests may be contented with a hotel, but their drive for uniqueness restrains their loyalty to a particular hotel. Some customers are sensitive with hotel price, and try to seek for the best offer (Bowen & Shoemaker, 1998). Although

customers were fulfilled with a specific hotel, they may want to try another one that provides a better deal. As a result, hotels may receive strong satisfaction ratings, but not essentially have many loyal customers (Bowen & Shoemaker, 1998) because hotel's guests will try another hotel that provides a better offer. As a result, hotel's guests at this level simply expect that they will be contented with their purchase and that the hotel will provide as promised. If there were any likelihood of failure, the customers would not have made the purchase in the first place. Therefore, hotels generally acquire solid satisfaction ratings, but not necessarily loyal customers (Bowen & Shoemaker, 1998).

In the early 1970s and 1980s, many researchers in satisfaction studies, such as Olshavsky and Miller, in the year 1972 and Oliver and Swan, in the year 1989 provided theoretical replica, which is a foundational version of the confirmation/disconfirmation paradigm (as cited in Homburg & Glering, 2001). Recently, some literature enhances this viewpoint in two ways. "First, although traditional models implicitly assume that customer satisfaction is essentially the result of cognitive processes, new conceptual developments suggest that affective processes may also contribute substantially to the explanation and prediction of customer satisfaction" (Homburg & Glering, 2001, Literature review section, para 2). "Second, some researchers have claimed that satisfaction should be viewed as a judgment based on the cumulative experience made with a certain product or service rather than a transaction-specific phenomenon" (Homburg & Glering, 2001, Literature review section, para 2). In particular, pertaining to the correlation between customer satisfaction and loyalty, perceiving customer satisfaction as the result of one single transaction might be too limiting: Discontentment with a single contract may cause customers to change to other service providers.

Furthermore, a single transaction creating a state of satisfaction is not enough to lead to long-term loyalty (Homburg & Glering, 2001, para 2).

Basic dimensions of satisfaction with a service consist of service quality, product quality, price, and location. "People factor" (i.e., service quality), in terms of tangibility, reliability, responsiveness, assurance, and empathy may be the most significant in determining overall contentment and repeated purchasing in service industries (Ganesh, Arnold, & Reynolds, 2000). The incongruity for the consequence of the people factor is further supported by the services-marketing literature that furthers service encounters as mainly interpersonal communications. As a result, as with other social relationships, the relationship between the hotelier and the customer will be more heavily considered if the customer makes a satisfaction finding than if the customer makes no such decision (Skogland & Siguaw, 2004).

Oh and Parks (1997) noted that customer satisfaction is a complicated individual process that engages cognitive and emotional procedures, as well as other psychological and physiological effects. Customer satisfaction measurement is an essential component of an attempt to improve service and quality, helping a company to increase a competitive advantage, repurchases, and positive word-of-mouth publicity (Choi & Chu, 2000). Additionally, based on the consumer behavior theory described by Williams in 1982, and Engel et al. in 1990 consumers' purchasing behavior and levels of satisfaction are effected by the consumer's background, uniqueness and extrinsic motivation (as cited in Choi & Chu, 2000).

Customer Loyalty

Even though customer satisfaction is vital to the hotel industry, customer loyalty is more precious than customer satisfaction because loyal customers will return and recommend the hotel to their friends, and this, in turn, helps increase hotel profitability (Bowen & Shoemaker, 1992). Customer loyalty is an indicator to the success for the service industry, especially the hospitality (Pullman & Gross, 2004). However, customer satisfaction is not necessarily an indicator of customer loyalty (Pullman & Gross, 2004).

By definition, customer loyalty is a consumer who intends to repurchase from the same service firms, to keep an optimistic attitude towards the service firm, and to willingly refer the service to others (Kandampully & Suhartanto, 2000). Shoemaker and Lewis stated that loyalty occurs when "the customer feels so strongly that you can best meet his or her relevant needs that your competition is virtually excluded from the consideration set; these customers buy almost exclusively from you-referring to you as their restaurant or their hotel" (as cited in Shoemaker & Bowen, 2003, p. 2). Reichheld & Sasser (1990) defined a loyal customer as one who values the relationship with the firm adequately to make the firm a preferred provider. Loyal customers do not switch to other service providers with small differences, such as price or service. Instead, loyal customers provide truthful and productive feedback, they combine the volume of their category purchases with the firm, they never mistreat firm employees, and they enthusiastically provide referral to their relatives and friends (Shoemaker & Bowen, 2003).

Based on the academic literature, the concept of loyalty is conceptualized in four major groups (Homburg & Glering, 2001). The early loyalty studies perceived loyalty as

a behavioral form of repurchasing products or services. A second group measured loyalty through the part of purchases dedicated to a particular brand. A third group focused on the likelihood of purchase. Finally, some researchers integrated numerous behavioral standards in their empirical studies (Homburg & Glering, 2001). Customer loyalty can be categorized into two components- behavioral and attitudinal (Kandampully & Suhartanto, 2000). According to Bowen and Shoemaker in 1998, behavioral dimension refers to consumers' behavior on repurchasing, which demonstrates a fondness for a service over time. In contrast, Getty and Thompson indicated that attitudinal dimension refer to consumers' intention to repeat their purchases and refer to others, which are positive determinants of customer loyalty (as cited in Kandampully & Suhartanto, 2000). Furthermore, Kandampully and Suhartanto (2000) believed that the customer's intention to repurchase and advocate is a key indicator to customer retention.

Dick and Basu (1994) developed a model of customer loyalty that integrates both attitudinal and behavioral components. The researchers suggested that customer loyalty is decided by a mixture of repurchase stages and relative attitude. Relative attitude is decided by strengthening and differentiating attitude. Moreover, Dick and Basu (1994) noted that the less motivation on the part of loyal customers to seek for alternatives, the more resistant they are to persuasively confront from other brands. Also, loyal customers are more likely to recommend and advocate about the service to other customers (Dick & Basu, 1994).

Additionally, Dick and Basu (1994) recommend marketers to close the gap in three major approaches as follows: (a) try to decrease the discrepancy advantage of the top brand; (b) enhance the brand differentiation; or (c) stimulate spurious loyalty from

customers. They also proposed three classifications of loyalty – Latent loyalty, spurious loyalty, and no loyalty. Latent loyalty occurs when a customer has a positive attitude toward a firm's brand more than its competitors' brands; however, a customer does not show a high support or repeat purchase because of some situational or environmental variable (Dick & Basu, 1994). Spurious loyalty occurs when a customer repeatedly purchases a brand, but does not clarify major distinction among brands. This could happen when no choices in a group were available. This also implies that satisfaction is not the only variable causing loyalty. Also, this could exist when an alternative is perceived as part of prior experiences and habits (Dick & Basu, 1994). Ultimately, no loyalty occurs in a category when customers perceive little differences between products, and there is low repurchasing. Products or services switching are normal, and alternatives among them are basically produced based on some situational components (Dick & Basu, 1994). This categorization system can be beneficial to marketers as they attempt to create or maintain loyalty. Once they have recognized the kind of loyalty most related to their products and services, appropriate strategies can be applied to build loyalty under situation that match with their service (Javalgi & Moberg, 1997). Skogland and Siguaw (2004) noted:

Several theories may explain the weak linkage between overall satisfaction and loyalty, as well as among satisfaction, the people factor, and loyalty. First, switching costs, such as time, money, and effort, plays a role in customer loyalty. Higher perceived switching costs have been found to result in greater customer loyalty and repeat-purchase intentions. However, hotel guests incur few switching costs. That is, lodging customers do not generally encounter procedural, financial,

or relational switching costs that serve as incentives to remain loyal to a particular hotel (Skogland & Siguaw, 2004, Literature review section, para 2). This means that loyalty could not be due to financial or procedural, conferences, employer, contracts, etc. (p. 221)

Bowen & Shoemaker (1998) stated that the expansion of simple satisfaction leads to customer loyalty. The study by Reichheld & Aspinwall (1993) indicated that 90 percent of consumers who switch their supplier from one to another, in this case the bank, were still contented with their prior supplier with banks people because they do not switch as much as for hotels business. Heskett, Sasser, and Schlesinger discovered that the relationship between customer satisfaction and customer loyalty was the weakest link in their service-profit-chain model, which tries to capture the impact on profitability (as cited in Bowen & Shoemaker, 1998). Moreover, they also found that less than 40% of customers who rated a particular service satisfactory (score of four on a five-point scale) were more likely to return, whereas about 90% of customers who gave a high rating of satisfactory (score = five) intended to come back (as cited in Bowen & Shoemaker, 1998).

Service Quality

In the service industry, customers perceive service quality as very important (Kandampully, 1997). "Service quality is an important determinant of success in attracting repeat business for a hotel" (Saleh & Ryan, 1991, p. 1). "It costs hotel companies five-to-six times as much to win new customers as to keep them" (Warren & Ostergren, 1990, p. 59). By definition, service quality concentrates on fulfilling customer's desire and wishes, and how well that is conveyed to meet customers'

expectations (Lewis, 1993). Gronroos (1984) noted that an organization must recognize what comprises quality to those it serves in order to provide and maintain service quality.

Quality is divided into two dimensions: "hard ware", which contain product and service quality, and "human ware", which covers the related customer interactive components in service (Gronholdt, Martensen, & Kristensen, 2000). Gronroos (1984) divided service quality into two classifications including technical quality and functional quality. While the primary emphasis of technical quality is on what customers usually received from the service, functional quality focuses on service delivery's procedures. Likewise, Klaus, in 1985, proposed that service quality may be described in physical, situational, and behavioral terms. In other words, service quality, according to Klaus's proposal, focuses on what is delivered, the situation of the delivery, and how it is delivered (as cited in Juwaheer & Ross, 2003). Klaus also stated that standards of service quality are normally determined by previous experience of customers have toward service providers. These standards frequently reflect the physical and technical facets of a service due to being most simply measurable (Juwaheer & Ross, 2003).

LaTour and Peat (1979) proposed two measurements of disconfirmation, which are "inferred disconfirmation", and "perceived disconfirmation". The "inferred disconfirmation" measure presupposed that the impacts of a post-experience relationship on contentment can be articulated as a function of the numerical distinction between service presentation and a comparison standard (Ndhlovu & Senguder 2002). Sureshchandar, Rajendran, and Kamalanabhan, (2002) proposed five decisive components of service quality as significant from the customer's perspective. These aspects are: 1) core service or service product, 2) human element of service delivery, 3)

non-human element of service delivery, 4) tangibility, and 5) corporate social responsibility. Saleh and Ryan (1991) stated that the first visitation of each hotel may be influenced by some external factors that the hotel manager may not be able to anticipate. However, the hotel management and service providers need to learn how to create a satisfactory atmosphere and high service quality in the hotel, because the customer is a key person who usually evaluates the quality of service in that hotel (Kandampully, 1997). Quality service evaluation is basically created during the actual service delivery process when customers have a chance to encounter with service providers (Pizam & Ellis, 1999).

In 1985, Parasuraman, Berry, and Zeithaml classified more than 200 attributes of service quality. These attributes were obtained from a broad series of interview with customers in four distinctive business services including a bank, a credit card company, a repair and maintenance company, and a long-distance telephone company. Among these 200 attributes, Parasuraman et al. (1985) discovered that the standard used by customers in evaluating service quality match with 10 potentially overlapping factors. These dimensions were tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer, and access. However, Parasuraman et al. condensed these ten dimensions to fit into five dimensions in their *SERVQUAL* instrument developed in 1988.

Parasuraman et al. (1988) proposed the five key components of service quality (*SERVQUAL*) that necessarily need to be implemented while delivering service in order to make a customer satisfied. Their service quality model has been widely implemented in numerous studies in past decades (Soutar, 2001). These five dimensions, called GAP 5, consist of reliability, responsiveness, assurance, empathy, and tangible. The *SERVQUAL*

instrument composes of a 22-item, seven-point semantic scale. *SERVQUAL* examines five dimensions that have been consistently ranked by respondents to be most significant for service quality, regardless of settings. The five dimensions of service can be explained as follows:

Reliability: the ability to execute the guaranteed service consistently and accurately;

Tangibles: appearance of physical facilities, equipment, personnel and communication materials;

Responsiveness: willingness to help customers and provide prompt service;

Assurance: knowledge and politeness of providers and their ability to express trust and confidence to customers;

Empathy: the level of considerate and personal attention the service providers give for their customers (Parasuraman et al., 1988).

According to this instrument, a numerous studies have employed and assessed *SERVQUAL*. Several empirical studies have modified the original *SERVQUAL* instrument and some of them have used an original version of *SERVQUAL*.

In this study, the modified *SERVQUAL* instrument will be used to test the service quality perceived by hotel's guests as indicators of customer satisfaction. Parasuraman et al. (1988) noted that reliability is the capability to execute the dependence and accuracy of promised services. Responsiveness is the intention to assist consumers and provide quick service. Assurance is knowledge, information and politeness of service providers as well as their capability to deliver trust and confidence. Empathy is the ability to

understand customers' feeling, desire, and behavior. Finally, tangibles contain all equipments, instruments, and facilities that help accommodate consumers.

In this model, service quality is conceptualized as a gap between consumer's expectations (E) and the perception of the employees' performance (P). In order to measure service quality, Parasuraman et al. (1988) suggested that customer's expectation scores should be deducted from their perception scores ($Q = P - E$). The better the positive score indicates superior service quality or visa versa. The gap that is likely to occur between the people's expectation and perception of service is not only a measure of service quality but also indicator of customer satisfaction and discontent. Service quality from the customer's perceptions is dependent upon the direction and degree of discrepancy between service expectation and service perception. Therefore, the comparison of customer expectation and perceived service quality in one particular organization can determine whether a service standard is suitable.

SERVQUAL instrument has been extensively used in many studies about service quality such as health care, banking and other professions, especially studies in the hospitality industry. Numerous researches have widely applied and modified the *SERVQUAL* model originally developed by Parasuraman et al. (1988, 1991) to measure service quality in the hospitality industry. The researchers modified constructs to fit particular hospitality situations (Juwaheer & Ross, 2003). However, this model cannot be measured the actual performance, and be assessed from within the organization. This model can be externally assessed (Soutar, 2001). Even though this model has some weaknesses as it does, the instrument has high external reliability that can be appropriately used in the hotel setting.

According to Hayes (1997), there are some ways to assess the quality of services and customer satisfaction through subjective, or soft, measures of quality, which focus on perceptions and attitudes of the customer rather than more material intention criterion. "These soft measures include customer satisfaction surveys and questionnaires to determine customer attitudes and perceptions of the quality of the service they are receiving" (p. 2). As the degree of which products or services meet the customer's wishes and desires is the key determinant of product and service quality, customers' perceptions of service is important in distinguishing customer desires and contentment (Pizam & Ellis, 1999).

In 1996, Ramaswamy presented three distinctive sets of measurement, which the hospitality industry must consider as follows (as cited in O'Neill, 2001): a) Service performance measures; b) Customer measures; and c) Financial measures. Service performance measures and initially places emphasis inside the organization. This measure is used to assess the present performance of service and make certain that the service meets the standard requirement of the design. In contrast, customer measures are concentrated both externally and internally, and intended to evaluate the effect of service performance on consumers. Finally, financial measures are determinants of the financial strength of the firm (O'Neill, 2001).

The Hotel Industry

The hotel industry is a particular type of relationship between a hotel employee and a hotel's guest. In this relationship, a hotel service provider needs to understand customer's needs and desires, and tries to fulfill them (King, 1995). Along with service providers' understanding, the delivery of outstanding and flawless services to customers

can help increase customer satisfaction and create repeat-patronage of customers (King, 1995).

In the past, hotel classification has been based on customer protection, such as safety and reliability of accommodation and food for guests. However, the emphasis of hotel classification systems has changed to customer information. Mostly, hotel classification is rated by the use of graphical symbol “star”. According to World Tourism Organization (WTO) and International Hotel & Restaurant Association (IH&RA), hotel classification is usually established by the governments and with the consultation of the Tourism Board in each country (Lau, Akbar, & Fie, 2005).

Louvieris & Powell-Perry (2003) stated that “the hotel industry is dominated by small outlets with mixed ownership, management and franchise relationships.” Basically, the hotel operational system is divided into two major divisions, which are “front-of-the-house” and “back-of-the-house” (Walker, 2003). The front-of-the-house” consists of servers, bartender, and some personal service occupations such as doorman or valet, whereas people in the laundry room or house keepers are perceived as “back-of-the-house” (Walker, 2003). The “front-of-the-house” division is more likely to have an interaction with customers than the “back-of-the-house” division. Reisinger (2001) defined hospitality (the hotel industry) as follow:

Hospitality is concerned with the provision of accommodation and catering food and beverage) services for guests. It also refers to the reception and entertainment of travelers, the way they are treated by industry employee (with empathy, kindness, and friendliness), and an overall concern for the traveler’s well-being and satisfaction. (p.4)

The hotel industry in South Florida has rapidly grown in the past years to sufficiently serve the increased numbers of tourists in this area. In 2004, numbers of licensed hotels in Dade, Broward, and Palm Beach counties are 298, 136, and 73, respectively (Florida Statistical Abstract, 2004). Comparing to the number of licensed hotels in both counties in 2003, there is an increase of 11 hotels for Dade, 5 hotels for Broward, and 3 hotels for Palm Beach (Florida Statistical Abstract, 2004). In 2003, the number of tourists who visited South Florida in the Fort Lauderdale area was approximately 8.6 million visitors including international and local visitors (Greater Fort Lauderdale Convention and Visitors Bureau, 2004).

Schall (2003) briefly described three main factors in hotels, which are room, food, and staff. The important components for the room are cleanliness, functioning facilities, and convenience. Schall (2003) said that some customers might pay attention to the comfort of the room's work space if that hotel is a four-star airport hotel, which offers services to business customers. On the other hand, the comfort may be perceived differently as a quiet, fresh-smelling space if that hotel is at low cost. For food, there are three key important elements of food experience perceived by guests, which are the total quality, including taste, appearance, and temperature; the speed of service; and the correctness of order fulfillment. In regard to staff, Schall (2003) stated that customers primarily assessed hotel service providers on their responsiveness, concern or correctness, and rapidity of service.

Concerning survey size for measuring customer satisfaction in the hotel, Schall (2003) suggested two considerations in developing the survey instrument. The first is time used in responding the survey. Schall (2003) recommended considering time and

amount of effort that respondents needed to spend to complete the survey. The long survey may require more time and effort to fill out. The second is the importance of topic. According to Schall (2003), if the topic is important, the probability that participants will finish a long survey is likely to be high. Schall (2003) indicated that the accuracy of results is based on the sample size of the study. Schall (2003) defined the sample size in the hotel industry into two levels - the property level and the brand level. For the property level, sample size means the number of customers or service providers in the hotel. For the brand level, sample size can be the number of facilities, customers, or questionnaires. Selecting a proper sample size is a difficult job typically presented by a statistician, psychometrician, or other survey expert (Schall, 2003).

A notion that improving any present management practice will finally lead to customer value seemed inappropriate and inadequate in the hotel industry today (Dube & Renaghan, 1999). Indeed, the concept of managing consumer value by “constructing quality and service that consumers can perceive is currently deemed a critical factor of hotels’ strategic marketing” (Dube & Renaghan, 1999, p. 78). Some experts reported that consumer value may help lead to customer loyalty (Dube & Renaghan, 1999). Consequently, it is crucial that hotel managers be able to contrast particular business practices in terms of their comparative offerings to producing value and, finally, customer loyalty (Dube & Renaghan, 1999). Also, hotel managers must be able to identify which of the hotel qualities are most essential in the construction of consumer value (Dube & Renaghan, 1999).

Empirical Studies

Customer Satisfaction and Customer Loyalty

There are three classifications of the literature regarding the relationship between customer satisfaction and loyalty (Homburg & Glering, 2001). First, some researchers found empirical evidence of a positive relationship between customer satisfaction and loyalty; however, they did not provide further explanation about this relationship. A second category of research attempted to explore the functional form of the correlation between these two constructs. Ultimately, some studies investigated impacts of moderator variables on the link between customer satisfaction and customer loyalty (Homburg & Glering, 2001).

Schall (2003) reported that the impact of customer satisfaction on customer intention for return visits is obvious. This happens to the chain hotel. However, Schall did not explicitly explain his claim for the other hotels that are not a chain. One study, conducted for Gaylord Opryland Hotel in Nashville in 2000, discovered the relationship between overall customer satisfaction and customer intention to return indicated by a correlation of 0.76, for 527 customers who replied to satisfaction questionnaires, demonstrating that contented customers are more likely to return than customers who were somehow dissatisfied. Therefore, customer satisfaction improvement appears to be an important factor for the hotel industry value scheme to customers (Schall, 2003).

In 1990, Bitner demonstrated that satisfaction directly influenced loyalty arbitrated by quality perception. In addition, the findings of this study showed that satisfaction had a direct impact on loyalty quality to satisfaction, satisfaction to loyalty (as cited in Homburg & Glering, 2001). For the second category, researchers provided

theoretical and empirical support for a more complicated configuration. In 1992, Oliva et al. found that, based on the degree of transaction expenses, the correlation between customer satisfaction and loyalty can be both linear and nonlinear. Finally, a third group of studies, which was limited, found the existence of outer elements moderating the link between satisfaction and loyalty. Bloemer (1995), indicated that the connection between satisfaction and loyalty had an impact on the relationship between satisfaction and loyalty.

In their research, Kandampully and Suhartanto (2000) tried to discover “the factors of image and customer satisfaction that are positively related to customer loyalty in the hotel industry” (Abstract Section, para 1). There were three hypotheses in this research. One of hypothesized that “customer satisfaction with reception, housekeeping, food and beverage, and price as the factors of image is positively related to customer loyalty” (Hypotheses, Section, para 2). This hypothesis was tested by using Likert-scales rated one to five. Surveys were sent to 237 customers of five distinctive hotels chains in Christchurch, New Zealand, in order to collect the data. The return rate of survey in this study was 158, and only 106 could be usable. At this point, the authors did not adequately describe the validity and reliability of the survey instrument. Also, the authors did not report how many items this questionnaire had, in order to assure the consistency of this survey instrument. Moreover, the authors should have described social demographics to assure the external validity of this study.

The authors used a simple regression analysis between each variable of customer loyalty to measure this hypothesis. The results demonstrated the strong indication to support this hypothesis. Then, the authors used a multiple regression to measure the correlation between customer satisfaction variables and customer loyalty. The findings

of this study indicated that customer satisfaction with housekeeping services was the only significant component in determining customer loyalty when measured in the model, because this factor was perceived by guests as “the core benefit of a hotel,” whereas other factors were just supporting components (Kandampully & Suhartanto, 2000). The authors discovered that “developing customer loyalty depends, not only on the hotel’s ability to increase customer satisfaction in terms of service performance, but also on its ability to establish a favorable image” (Kandampully & Suhartanto, 2000, Conclusion Section, para 3).

Hallowell (1996) studied an empirical research by collecting data from 12,000 bank customers at 59 departments to explore the link between customer satisfaction and customer loyalty, was correlated to profitability. Customer satisfaction was tested through a survey. Customers were asked to assess their satisfaction with service and price. Although, Hallowell did not adequately explain how customer retention was measured by customer loyalty, the results of this research confirmed the hypothesis that customer satisfaction was linked to customer loyalty, leading to the correlation with profitability (Hallowell, 1996).

In 2000, Gronholdt, Martensen, and Kristensent found a positive relationship between customer satisfaction and loyalty. The authors conducted the empirical research, with data collected from “the Danish part of the recently introduced European Customer Satisfaction Index (ECSI), a pan-European customer satisfaction measurement instrument” (Abstract Section, para 1). The authors collected data from 30 major Danish firms within different industries. The pilot study was devised to analyze the link between a firm’s level of customer satisfaction indices and loyalty indices. Regression analysis

indicated the statistical significance of the link between customer satisfaction and loyalty. The approximated regression coefficient was 1.14.

The findings indicated that the companies which used price strategy as their major weapon, had a much greater customer loyalty than anticipated, as a result of customer satisfaction. Conversely, the companies which heavily used branding strategy had a high rate of customer satisfaction; however, these companies did not have a high customer loyalty rate (Gronholdt, Martensen, & Kristensent, 2000). The instrument, used in Denmark, should have addressed the generalization. Also, the authors did not sufficiently describe the social demographic of the customer population such as age, gender, and annual incomes.

In contrast, Bowen and Chen (2001) conducted research among hotel customers to explore the relationship between customer satisfaction and loyalty, examine the advantages of loyalty, identify previous advantages to the hotel guest, and assess the present performance of the hotel. This hotel used to conduct this study was The Lenox Hotel in Boston as part of the Saunders Hotel Group (SHG). In order to make certain that respondents of this study were important guests, SHG utilized its database to choose guests who would be invited to a focus group. This helped SHG identify the uniqueness the focus group respondents would have. The focus groups permitted the executives to have in-depth conversation with their clients. "The results of the focus groups were a better understanding of some of the hotel's features that are important to the customers and of the customers' service expectations" (Bowen & Chen, 2001, Methodology Section, para 2). This detail assisted in developing particular questions for a questionnaire instrument.

Nearly 2,000 questionnaires were distributed to the respondents by mail. The first 1,000 were sent with a \$ two bill as an incentive to answer, whereas the second portion of 994 surveys was mailed without any incentive. The authors found that the response rate was directly influenced by the incentive. The response rate for the first set of surveys with an incentive was 38.5%, and 16.2% for the second portion with no incentive. In this study, the authors provided enough information regarding social demographic such as gender, age, and annual income. Also, the authors did a credible job of explaining the survey instrument, which called for responses using a seven-point Likert scale. However, no information was provided pertaining to how many questions in this questionnaire resulted to each factor studied to see the consistency of the survey. A sample of questions should have been given to demonstrate the relevance of questions and their theoretical framework. The validation of the instrument should have been discussed to assure the accuracy of this survey instrument.

Bowen and Chen (2001) indicated the non-linear and asymmetric link between customer satisfaction and loyalty. The results of the study are consistent with the results of Coyne in 1989, who found that there were two critical thresholds influencing the relationship between customer satisfaction and customer loyalty (Bowen & Chen, 2001). This study also found that customer satisfaction dropped from “very satisfied” (7 points on the Likert scale) to a 6 directly effected the intention to refer the hotel to decline more than 50%. However, the authors did not adequately explain why the customer satisfaction score dropped.

Skogland and Siguaw (2004) stated that “research on customer loyalty has primarily focused on customer satisfaction and involvement” (p. 221). However, the

researchers said that results on the relationship between repeat-purchase behavior and satisfaction were unclear. Numerous studies have indicated significant relationships, whereas others have argued that satisfaction explains little in regards to repeat purchases. Skogland and Siguaw (2004) suggest antecedent of involvement on loyalty received inadequate consideration. Therefore, their research examined the degree to which satisfaction impacts loyalty and they explored how satisfaction may effect involvement to better understand how involvement may directly influence loyalty. To achieve these objectives, the authors contacted two hotels in a Midwestern city in the U.S. for data collection. Both were three-star hotels.

In Skogland and Siguaw study (2004), A two-page survey was designed to gather information about the use of the hotel (e.g., the number of times to stays, length of stays, factors considered in making a reservation, category of traveler, and competitors used and why). The survey included questions related to the overall satisfaction with the hotel, satisfaction with the individual service and tangible characteristics of the hotel, purchase and ego involvement associated with the decision to stay at the hotel, level of loyalty toward the hotel encompassing repeat-patronage, price insensitivity, and word-of-mouth, and socio-demographic variables. Thirteen items were used to measure customer satisfaction. Seven items were used to measure loyalty. However, the authors did not report the internal consistency of reliability and validity of this instrument. Respondents were asked to complete the survey by selecting point on a five-point Likert scale that reflected their feelings toward the hotel. Surveys were mailed to former guests of both hotels. The hotel's guests were ones who stayed at the hotels during the past 12 months. Managers from the hotels' databases randomly selected the names of the hotel guests.

Among 1,700 surveys, 134 were returned due to the incorrect addresses and names. Thus, the actual surveys sent out came down to 1,566. Among 1,566 distributed surveys, 378 were returned; however, 14 returned surveys were incomplete. The response rate was about 24.1%. Findings showed that the majority of participants were male (58.2%). Most were married (66.9%), and more than half had received an undergraduate degree (52.8%). The majority's age of study respondents were 55 or older. For their travel's purpose, the majority of respondents were leisure travelers (46%). About their income, most respondents had high incomes, with nearly 60% earned approximately \$100,000 per year.

A regression analysis was used to test the relationships between satisfaction, involvement, and loyalty. In this study, the authors included five demographic variables: gender, age, education, purpose of travel (business or leisure), and income - as covariates in the regression analysis. Findings indicated that neither overall satisfaction nor satisfaction with the people factor were key indicators of "repeat-purchase" behavior, attitudinal loyalty, or "word-of-mouth" loyalty. Results showed that less than half of even the most contented customers regularly selected to stay again at the hotel they had just patronized. Therefore, "although marketers have long advanced the presence of guest satisfaction as instrumental in ensuring repeat business, guest satisfaction does not appear to have the substantive and sweeping effect on guest loyalty that has previously been assumed" (Skogland & Siguaw, 2004, Findings section, para 3). Skogland and Siguaw (2004) indicated that the main factors that influenced customer loyalty were hotel design and facilities. Additionally, the factor that caused customers to be most engaged in the purchase decision, and more interested in the hotel, was its service provided. The

implication is that hotel managers might consider transmitting some of their frequent customer expenditures toward strengthening human resources and improving the customers' experience through design and facilities.

Customer Satisfaction

In 2002, Chu contrasted the customer satisfaction index (CSI) based on two methods: stated-importance and derived-importance approaches. The first approach applied both significance and performance scores in creating the CSI, whereas the second approach used regression analysis to obtain the betas for computing CSI. The derived-importance method focuses on “the statistical association between predictor variables and the criterion variable. A common way of getting derived importance for attributes is to use the standard regression coefficients or beta weights in the regression model” (Chu, 2002, Introduction section). Data were collected from 402 international guests who were asked to score the importance of the hotel quality that they usually select to stay. The survey instrument contains “24 hotel attributes, which measured travelers' perceived importance and the relative performance of each attribute on a five-point Likert scale, from least important (1) to most important (5), and strongly disagreed (1) to strongly agreed (5), respectively” (Chu, 2002, Research Methodology Section, para 2). However, the author did not sufficiently provide information about survey questions and respondents' demographic information. Moreover, by assuming that this survey was in the English language, the author did not mention the criteria of selecting international guests who may have a different level of English proficiency to respond to this questionnaire. The findings indicated that the achievement of CSI of the stated-importance approach (79.1%) is greater than the derived-importance approach (57.4%)

by approximately 20%. These two methods discovered that the facets of facilities (rooms) and service providers are the most important components in achieving customer satisfaction. For the future studies, since results of this study are applicable for the Hong Kong hotel industry, the author recommended collecting data on the customer satisfaction measurement in a particular organization. "Future research studies can be made to a particular organization so that areas of satisfaction and dissatisfaction can be more explicitly identified and product-wide/service-wide strategies be developed and directed to stimulate the greatest overall return from performance improvements" (Chu, 2002, Discussion and Conclusion section, para 9).

Customer Loyalty

The study by Clark and Wood (1998) investigated components that are pertinent to explore factors relevant to producing consumer loyalty in restaurant alternatives. The major aim of this study was to question certain notions that have been recently discussed in the area of consumer behavior with particular consequence to consumer loyalty. In this study, the sampling outline contained customers with reasonably consistent characteristics who dine out at the restaurant very frequently. Moreover, the sampling structure embraced comprised the occupational grades of scholastic staff at two universities where the authors worked. A hundred questionnaires were distributed to each university. The respondents were asked to rate the most significant factor in selecting a restaurant. There were five selections rated from the most to the least important components in choosing a restaurant, according to participants' perspective. Those factors included, "range of food", "quality of food", "price of food", "atmosphere", and "speed of service." Even though "Friendliness of staff" was also considered to be

"very satisfactory" pertaining to favored formation by somewhat over 50%, it was not included in those five components in general reasons for selecting a restaurant. In the authors' opinion, "friendliness of staff" emerges to be a foundation of customer loyalty rather than a reason for it. This finding supported the hypotheses that physical factors are more important than intangible factors in achieving consumer loyalty. The response rate of this study was only 15% or about 63 questionnaires were returned. It should be noticed that Restaurants are different from hotels people do not stay as long in a restaurant as they do in a hotel. However, only 31 questionnaires were usable. As a result, the internal validity of this study seemed low, according to a number of questionnaires that were usable. Also, the methodology used to collect the data for this study was unclear, and not well-organized. The authors did not explicitly explain why they used the academic staff in the universities where they were employed as a sampling of this study.

Service Quality

Even though *SERVQUAL* model has been widely used in many service industries in past decades, some of this 22-item model cannot be applicable to the hotel industry (Saleh & Ryan, 1991). Based on the *SERVQUAL* model created by Parasuraman et al. in 1988 and the 40-item restaurant questionnaire instrument developed by Martin in 1986, Saleh and Ryan (1991) modified these two instruments, and finally came up with a 30-item, five-point Likert Scale instrument. The survey was categorized into three sections. The first section was associated to the service quality expectation. The second section contained the quality gained or offered, and the last section was intended to obtain demographic data from the participants. The data were collected from customers who were staying in 300-bedroom-hotel in Canada. Two hundred respondents were

asked to answer the survey. The response rate of this survey is exceptionally high, with 85% of the total sample. On the other hand, the hotel management and service providers were also asked to respond to the questionnaire and an interview (Saleh & Ryan, 1991). This study explored the existing gaps between customers' and management's perceptions of hotel qualities, and between customer anticipation and perception of service delivery (Saleh & Ryan, 1991).

In their study, Cronin and Taylor (1992) examined service quality conceptualization and measurement, and the correlations between service quality, customer satisfaction, and purchase intentions. Data were collected from individual interviews in a medium-sized city in the Southeastern portion of the United States. The sample size for this study consisted of 4 different kinds of service firms including banking, dry cleaning, fast-food restaurant, and pest control. The total of 660 questionnaires was all answered. The authors did a credible job of explaining the process of data collection.

The findings indicated that a performance-based measure of service quality may be a developed means of testing the service quality construct. In addition, the researchers found that service quality was a predecessor of customer satisfaction. Also, the authors discovered that customer satisfaction significantly influenced the willingness to repurchase (Cronin & Taylor, 1992). However, service quality had fewer impacts on buying intentions than customer satisfaction. Therefore, the authors recommended that management may need to focus on entire customer satisfaction plans rather than methods that solely emphasize service quality. For future research, the authors recommended utilizing other attitude-based conceptualizations and recommended exploring other

industries rather than these four service firms. More importantly, the authors stated that the relationship between customer satisfaction and service quality apparently needed additional investigation. As far as the limitation of this study, generalizations beyond the four specific service firms examined were questionable (Cronin & Taylor, 1992).

Juwaheer and Ross (2003) discussed the relationship between service dimensions and customer satisfaction by assessing hotel guests' expectations and perceptions of service provided in hotels of Mauritius. The population in this study was focused on international tourists who stayed in the different classifications of beach hotels in Mauritius and hotel managers who work for those particular hotels. A quota sampling technique was used for data collection in this study. Seven hundred survey questionnaires were distributed to hotel guests with a request letter asking for their participation. Among these numbers, 410 customers responded in a positive way. The instruction of completing this survey questionnaire was also provided to hotel guests. After hotel guests completed the survey, the survey was placed in an envelope at the reception desk of each participative hotel to ensure confidentiality. The response rate of data collection was 57.28%. Findings showed that the majority of respondents were women (50.4%). The majority of group was between the age group of 25-34 years old. For the purpose of travel, nearly 70% of respondents visited Mauritius for leisure. Almost 40% of participants were first time visitors.

As this study modified the original *SERVQUAL* instrument developed by Parasuraman et al. in 1991 for data collection, a pilot test was conducted. Thirty tourists in hotels of Mauritius were used for a pilot test study to address validity and reliability of survey questionnaire. The instrument used in this study contained a four-part self

administered questionnaire. For the first part of questionnaire, respondents including customers and hotel managers were asked to complete 39-item of the seven-point Likert scale from one (very low expectation) to seven (very high expectation). Hotel managers filled out the first part of questionnaire to evaluate their perception of hotel guests' perceptions to compare with the customers' recorded perceptions and determine whether discrepancy exists.

Findings indicated that hotel guests' perceptions of service quality in the hotel industry in Mauritius were below their expectations, especially empathy dimension, which had the largest gap. In this study, data were analyzed using factor analysis, *t*-tests, and ANOVA. The *t*-tests were used to compare the significant difference between tourists' expectations and expectations of service quality. A reliability analysis (Cronbach's alpha) was conducted to test reliability and internal consistency of each of the perception and expectation variables. To strengthen reliability of the survey, this study considered items with factor loading coefficients of 0.40. Variables with loading coefficients less than 0.4 were excluded. The researchers suggested further research focusing on how different socio-demographic variables influence service quality dimensions. Furthermore, Juwaheer and Ross (2003) suggested using the survey in this study to other settings rather than hotels, such as guesthouses and private bungalows in Mauritius. The researchers also recommended performing longitudinal research to increase the usefulness of data gathered during this study.

The study by Ndhlovu and Senguder in 2002 tried to examine whether or not gender has a different perception toward hotels service quality. This study was conducted in 5-star hotels in Jamaica, where 241 customers, consisting of 127 males and

114 females, participated. The majority group's age was between 20-30 years. Most of respondents were graduated college level (36.5%). Questionnaires were distributed to guests to test their expectations of service quality. The social demographic variables were collected as part of the questionnaire. The ANOVA and the *t*-test were used to analyze the data. Using *t*-test statistic, the findings indicated that gender did not have a different perception toward quality of service in hotels. For future research, the authors recommended replicating the research of this study, using a larger sample size of respondents. Furthermore, the authors suggested doing research on the emotional status of participants and a critical analysis of gender associated problems which influence customers' needs in hotels (Ndhlovu & Senguder, 2002).

The Hotel Industry

The study by Dube and Renaghan (1999) asked regular customers to identify and explain which hotels or hotel chains were the best in their particular areas. Next, the researchers evaluated the contribution to customer loyalty of a hotel's performance well in those areas, by asking the same guests to specify to what degree their choice of a hotel is affected by their feeling of the hotel as rendering excellent service in those specific areas. Dube and Renaghan (1999) found that "the more influence a functional area has on guests' future choices, the more that attribute contributes to customer loyalty" (Introduction section, para 2). This study computed the impact on customer loyalty of the different functional areas as the percentage of participants who identified that the top hotel on this feature would "definitely" make them select that hotel again in the future, compared to that hotel's competitors (Dube & Renaghan, 1999). In this study, top performance in five functional areas obviously appeared as creating the maximum

potential visitor loyalty, with total scores of 80% or more: “(a) the quality of the various on-site hotel services (loyalty impact score = 85%); (b) the quality of the personnel (83%); (c) the quality of guest-room design and amenities (83%); (d) a strong brand name and positive reputation (80%); and (e) perceived value (80%)” (Dube & Renaghan, 1999, Introduction section, para 2).

According to Choi and Chu (2000), studies on hotel assortment criteria have emphasized the correlation between customer satisfaction and service quality or services and facilities. Regardless of whether customers have used the hotel’s products and services before, customers usually perceive the intangibility, inseparability, variability, and perishability of services as satisfaction assortment criteria to assess the service quality and to determine the future repeat purchase (Choi & Chu, 2000). Alpert, in 1971, and Kivela, in 1996, considered customer products and services as a collection of qualities and benefits. The researchers acknowledged that those qualities that directly impact customer choices are called "determinant" qualities. These qualities, which could be distinguished from competitors’ deals, may be major components in determining customers' willingness pertaining to future patronage (Choi & Chu, 2000). According to Wuest et al. (1996), perception of hotel quality is defined as the extent to which tourists discover different services and facilities essential in helping increase their satisfaction with hotel stays. According to Choi and Chu (2000), customers generally focus on these factors when they perceive hotel quality: cleanliness, location, room rate, security, service quality, and the reputation of the hotel or chain. In 1988, Atkinson found that cleanliness of lodging, followed by safety and security, housing value for money, and politeness and kindness of employees were the major qualities for guests in hotel

alternative selection. Moreover, Wilensky and Buttle, in 1988, found that individual services, material attractiveness, chances for leisure, criterion of services, appealing image, and value for money were significantly assessed by hotel guests (as cited in Choi & Chu, 2000). Ananth, DeMicco, Moreo, and Howey (1992) conducted surveys by asking 510 guests to rate the importance of 57 hotel attributes in their hotel alternative determination. The findings indicated that "price and quality" was the most important quality among all items. "Security" and "convenience of location" were rated as the second most important (Ananth et al., 1992).

Danaher and Mattsson (1994) attempted to test how an overall satisfaction measure was influenced during the service delivery process. This study focused on four groups as a target of the sampling: private, business, conference and group. The sampling of this study was randomly selected from hotel guests who attended a business conference at the hotel until 35-40 customers, both gender, for each target group were selected. Moreover, the researchers chose only customers who stayed only one night at the hotel. Thus, they would have experienced the hotel service once. The authors did a credible job in explaining the question items in the survey, and how they were measured. "A questionnaire was rated on an 11-point scale, where each scale step was divided into five minor steps. The degree of quality was rated by three faces (smiling = 10, angry = zero and neutral = five) who anchored the scale ends and the center part" (Danaher & Mattsson, 1994, Data Collection, para 3). In this study, the authors used

"logistic regression instead of ordinary least squares regression (OLS) for each of the six regression models as the dependent variable was highly skewed towards 9 and 10, thereby violating the normality assumption of OLS regression. Moreover,

as a sizeable proportion of the respondents actually scored 10 out of 10, no transformation of the dependent variable would alleviate the skewness” (Danaher & Mattsson, 1994, Result and Conclusion, para 2).

The researchers found a significant difference between satisfaction and each of five distinct service encounters, which consisted of check-in, the room itself, the restaurant, breakfast and check-out. The authors also found a comprehensible inclination in the cumulative satisfaction consequences. These findings indicated that check-in was rated as highly satisfactory, whereas the restaurant scored the worst. Satisfaction scores increased after the guests had experienced breakfast, and the same trend also happened after check-out (Danaher & Mattsson, 1994).

Lau, Akbar, and Fie (2005) used a *25-item modified SERVQUAL* to identify and analyze the gaps between the expectations and perceptions of service quality in Malaysia’s four and five-star hotels evaluated by hotel’s guests. A *25-item modified SERVQUAL* was a seven-point Likert scale questionnaire. This questionnaire consisted of four parts as follows: (a) customers’ expectations concerning service quality; (b) customers’ perceptions of service quality; (c) customers’ overall level of satisfaction; and (d) customers’ demographic and traveling characteristics (Lau et al., 2005). The researchers also reported the internal consistency of this modified instrument, which the overall alphas were higher than 0.80. However, the researchers did not report the validity of the instrument.

In this study, hotel’s guests were limited to people who stayed overnight at the 5-star hotels in Malaysia, temporarily visited, and used the exchange of money services at hotels. This study was used a systematic sampling approach, which the intent to obtain

300 respondents (Lau et al., 2005). The researchers approached every third guests who passed through the front desk of the hotel. Of these numbers, the usable forms of questionnaires were only 286. Of these numbers, 118 respondents were from 4-star and 168 respondents were from five-star. The majority of respondents were males (64%). More than half of participants had at least undergraduate degree (51%). For their occupation, 71% of participants were professionals, managers, and traders. The major group of participants was from South East Asia countries (23.6%). For the length of time staying at the hotel, 32% spent about one night in a particular hotel. The respondents equally indicated the purpose of traveling at 26.6% for both business and leisure (Lau et al., 2005).

This study compared customer expectations and perceptions between 4-star and 5-star hotels. The results indicated the largest gap in tangibles dimension for both 4-star and 5-star. The smallest gap was found in responsiveness dimension for five-star hotel, whereas the reliability dimension was found for four-star (Lau et al., 2005). A systematic sampling technique was used to collect data. The *t*-test statistics were used to compare the difference between four-star and five-star hotels in terms of overall satisfaction. Results indicated that there was a significant difference at the 0.5 level, between the four-star and five-star in the overall customer satisfaction level toward the hotel. Using regression analysis, results showed that only tangibles, empathy, and assurance were significant to overall satisfaction for four-star hotel, while reliability and responsiveness were not significant in contributing customers' overall satisfaction levels.

For five-star hotels, regression analysis was used to explain the relationship between service quality dimensions and overall satisfaction levels of customers. By

comparison, five-star hotel scored higher than 4-star hotel in reliability, responsiveness, assurance, empathy, and tangibility. Findings indicated that tangibles, reliability, and assurance were significant in influencing towards overall satisfaction, whereas empathy and responsiveness were not significant in contributing toward overall satisfaction (Lau et al., 2005).

The limitations of this study were discussed as this study presented the empirical study focusing on the four-star and five-star hotels in Klang Valley area only, generalization may be limited. In addition, the diversity of respondents might have contributed distinctive perceptions of service quality. The researchers recommended conducting replication in other classes of hotels. Further, Lau et al., 2005 suggested placing emphasis on the discrepancy of socio-demographic variables towards the effect on service quality dimensions and overall satisfaction levels.

Summary

Literature reviews of key concepts in this study both empirical and theoretical literature is provided in this chapter. The sparse empirical literature on the relationship between hotel guests' perception of service quality and customer loyalty focusing on repurchasing intention is the main impetus of this study. A review of the literature on the hotel industry of South Florida, U.S.A. is scarce. Thus, the researcher is unable to find empirical literature on the subject. The theoretical framework focusing on service quality and customer loyalty focusing on repeat-patronage intentions offers the conceptual foundation to organize this study. Chapter 3 presents the methodology used to answer the research questions and explanatory hypothesis. This section also encompasses a description of the proposed research design, target population, sampling plan and setting,

instrumentation, human subjects' procedures, data collection procedures, and methods of data analysis.

CHAPTER 3

RESEARCH METHODOLOGY

The purpose of this chapter is to explain the research methodology that is used to answer the research questions and to test hypothesis about perceived service quality and customer loyalty, focusing on the intention to repeat purchases in the hotel industry of South Florida, U.S.A. Customer loyalty is vital in today's lodging business, especially the intention to repeat purchase. However, the hotel industry of South Florida has not yet examined this variable; therefore, the research questions and hypothesis were developed from gaps in the literature and the importance of service quality and customer loyalty in the hotel industry. This section also encompasses a description of the proposed research design, the sampling plan and setting, instrumentation, human subjects' procedures, data collection procedures, and methods of data analysis. The conclusion of this section evaluates the research methods that were used in this study.

Research Design

This research is non-experimental and descriptive in nature. The study is designed to use a quantitative research method. A quantitative research methodology is selected in this study and a big sample is intended to generalize the consequences of the study to the population (Gay, 1996). A quantitative approach is used to explain present circumstances or to examine relationships, encompassing causal relationships (Gay, 1996). The purpose of using correlational survey research design is to answer research questions and test the hypothesis in this study. The design examines the relationship among hotel guests' socio-demographic variables, hotel's guests' perceptions of service quality and customer loyalty examined through investigating repurchasing intention.

Although literature shows numerous studies have investigated the area of customer satisfaction, service quality, and customer loyalty, few studies have examined the relationship between service quality and customer loyalty emphasizing the intention to repeat purchase, especially in the hotel industry of South Florida, focusing on Dade, Broward, and Palm Beach counties. Additionally, no study was found using multiple regression methods to explore the relationship between perceived service quality of hotel's guests and customer loyalty in the hotel industry of South Florida, U.S.A.

The **independent variable** of this study is customers' perceived service quality measured by the *SERVQUAL* instrument, as modified by the researcher (Appendix B). The **dependent variable** includes customer loyalty, measured by the *Customer Loyalty* instrument, modified by the researcher (Appendix B). The contextual variable is socio-demographic characteristics, measured by the *Socio-Demographic Survey* developed by the researcher (Appendix B).

This research design is intended to describe, explore, and explain present conditions including causal relationships (Gay, 1996). To confirm theoretical propositions about service quality and customer loyalty in the hotel industry of South Florida, correlational and explanatory survey research was conducted. Correlational research is appropriate for this study due to being "used extensively as a descriptive statistic to describe the relationship between two variables" (Wiersma, 1995, p. 348). Correlational research allows the researcher to load two or more independent variables to yield a highest correlation with a particular dependent variable (Ary, Jacobs, & Razavieh, 2002).

In this study, independent and dependent variables was tested by the modified instrument of *SERVQUAL* and *Customer Loyalty*. These two instruments are appropriate to be used in this study based on their reliability and validity which was confirmed through a pilot study. Moreover, these instruments have been widely used in various settings, particularly the hotel industry.

Research Questions

1. Do the socio-demographic characteristics of hotel customers affect their perceptions of service quality and customer loyalty?
2. Which factors of customer satisfaction or perceived service quality are positively related to customer loyalty in the hotel industry of South Florida?

Hypothesis

Service Quality dimensions and socio-demographic profiles are significant explanatory variables of price insensitivity, repeated purchasing behavior, and propensity to spread positive word-of-mouth.

Definition of Terms

Theoretical Definitions

Independent Variables

Service quality is defined as “the outcome of a comparison between expectations of a service and what is perceived to be received” (Schneider & White, 2004, p. 32). Part two of the survey questionnaire contains the *SERVQUAL* instrument (Appendix B). In sum, the “service quality was defined and measured by five variables, which are Assurance, Empathy, Reliability, Responsiveness, and Tangibles.

Dimension of Assurance. Assurance is defined as “ability of the organization’s employees to inspire trust and confidence in the organization through their knowledge and courtesy” (Schneider & White, 2004, p. 32).

Dimension of Empathy. Empathy is defined as “personalized attention given to a customer” (Schneider & White, 2004, p. 32).

Dimension of Reliability. Reliability is defined as “delivering the promised performance dependably and accurately” (Schneider & White, 2004, p. 32).

Dimension of Responsiveness. Responsiveness is defined as “willingness of the organization to provide prompt service and help customers” (Schneider & White, 2004, p. 32).

Dimension of Tangibles. Tangible is defined as “appearance of the organization’s facilities, employees, equipment, and communication materials” (Schneider & White, 2004, p. 32).

Dependent Variables

Customer loyalty is defined as “a deeply held commitment to re-buy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand-set purchasing, despite situational influences’ and marketing efforts’ having the potential to cause switching behavior” (Chaudhuri & Holbrook , 2001, p. 82). In sum, the objective is to determine if the customer loyalty deepens on service quality; customer loyalty was define three variables, which are price insensitivity, repeat-patronage intentions, and the propensity to spread positive word-of-mouth.

Dimension of Price insensitivity (Attitudinal loyalty). Price insensitivity (Attitudinal loyalty) is defined as the willingness to stay regardless of the increase of the service price (Skogland & Siguaw, 2004).

Dimension of Repeat-patronage intentions. Repeat-patronage intentions is defined as the intention to use the hotel more often in the future, and the intention to not switch to a different hotel (Skogland & Siguaw, 2004).

Dimension of The propensity to Spread Positive word-of-mouth. The propensity to spread positive word-of-mouth is defined as the willingness to recommend the hotel to friends and family (Skogland & Siguaw, 2004).

Socio-demographic of Customers

In this study, the hotel industry was located in Dade, Broward, and Palm Beach counties in South Florida. Hotels' guests who were participants in this study were measured by the socio-demographic survey questionnaire. The socio-demographic factors were mediating variables in this study.

Operational Definitions

Independent Variables

Service Quality was measured using five dimensions of the 22 items, *SERVQUAL* instrument (Assurance, Empathy, Reliability, Responsiveness, and Tangibles) developed by Parasuraman et al. (1988) and modified by the researcher to suit specific hotels.

Dimension of Assurance. In this study, assurance is the ability to handle guests' problems by hotel staff, and the ability to instill confidence as perceived by hotel guests. Assurance was measured by four items of the assurance dimension of the modified version of *SERVQUAL* instrument.

Dimension of Empathy. In this study, empathy is the ability to provide individual attention and care by hotel staff. Empathy was measured by the five items of the empathy dimension by the modified version of *SERVQUAL* instrument.

Dimension of Reliability. In this study, reliability is the ability of hotel staff to provide service to hotel guests as promised. Reliability was measured by five items of the reliability dimension of the modified version of *SERVQUAL* instrument.

Dimension of Responsiveness. In this study, responsiveness is the willingness of hotel staff to help hotel guests and offer prompt service. This variable was measured by four items of the responsiveness dimension of the modified version of *SERVQUAL* instrument.

Dimension of Tangibles. In this study, tangibles are modern furniture, visually appealing facilities, and employees' appearance. This variable was measured by four items of the tangible dimension of the modified version of *SERVQUAL* instrument.

Dependent Variables

Customer loyalty is defined as an intention of customers toward the service quality of the hotel, emphasizing a repeat-patronage intention. Customer loyalty was measured by the modified version of *Customer Loyalty* instrument developed by Skogland & Siguaw (2004).

Dimension of Price insensitivity (Attitudinal loyalty). In this study, price insensitivity is the willingness of hotel's guests in South Florida, focusing on Dade, Broward, and Palm Beach counties, to stay again at the hotel they had just patronized regardless of increase of the service price. This variable was measured by two items of the price insensitivity dimension of the *Modified Customer Loyalty* instrument.

Dimension of Repeat-patronage intentions. In this study, repeat-patronage intentions are the intentions of hotel guests in South Florida, focusing on Dade, Broward, and Palm Beach counties, to use the hotel more often in the future, with the intention to not switch to a different hotel. This variable was measured by three items of the repeat-patronage intentions dimension of the *Modified Customer Loyalty* instrument.

Dimension of The Propensity to Spread Positive word-of-mouth. In this study, the propensity to spread positive “word-of-mouth” is the willingness of hotel guests in South Florida, focusing on Dade, Broward, and Palm Beach counties, to recommend the hotel to friends and family. This variable was measured by two items of the propensity to spread positive word-of-mouth dimension of the *Modified Customer Loyalty* instrument.

Socio-demographic of Customers

In this study, the hotel industry was located in Dade, Broward, and Palm Beach counties in South Florida. Hotels’ guests were based on the populations who stayed overnight with the hotels. The hotel customer was measured by a socio-demographic survey. Socio-demographic variables included age, gender, income, marital status, employment status, educational level, occupation, and length of stay. These variables were measured using the *Socio-Demographic Profile* developed by the researcher, Part one of the survey questionnaire (Appendix B).

The Model

This study examined whether all five dimensions of *SERVQUAL* and socio-demographic characteristics had an impact on customer loyalty dimensions including price insensitive, repeat patronage intention, and propensity to spread positive word-of-mouth in the hotel industry in South Florida. The researcher used the survey

questionnaire to test these variables to examine research questions and hypothesis in this study. Participant were asked to rate their perceptions on service quality provided by the hotel that they used to stay in South Florida, and their intention to do with the hotel based on three dimensions of customer loyalty. A schematic model (See Figure 1) shows the relationships among the major theories and variables in this study. The regression model below shows the variables were tested as follows:

To test dimension of price insensitive:

$$CLPI = a + b_1T + b_2R + b_3RS + b_4A + b_5E + b_6SD$$

To test dimension of repeat patronage intention:

$$CLRPI = a + b_1T + b_2R + b_3RS + b_4A + b_5E + b_6SD$$

To test dimension of propensity to spread positive word-of-mouth:

$$CLPSWM = a + b_1T + b_2R + b_3RS + b_4A + b_5E + b_6SD$$

CLPI = Customer loyalty (Price insensitive)

CLRPI = Customer loyalty (repeat patronage intention)

CLPSWM = Customer loyalty (propensity to spread word-of-mouth)

T= Tangibles

R= Reliability

RS= Responsiveness

A= Assurance

E= Empathy

SD=Socio-Demographics

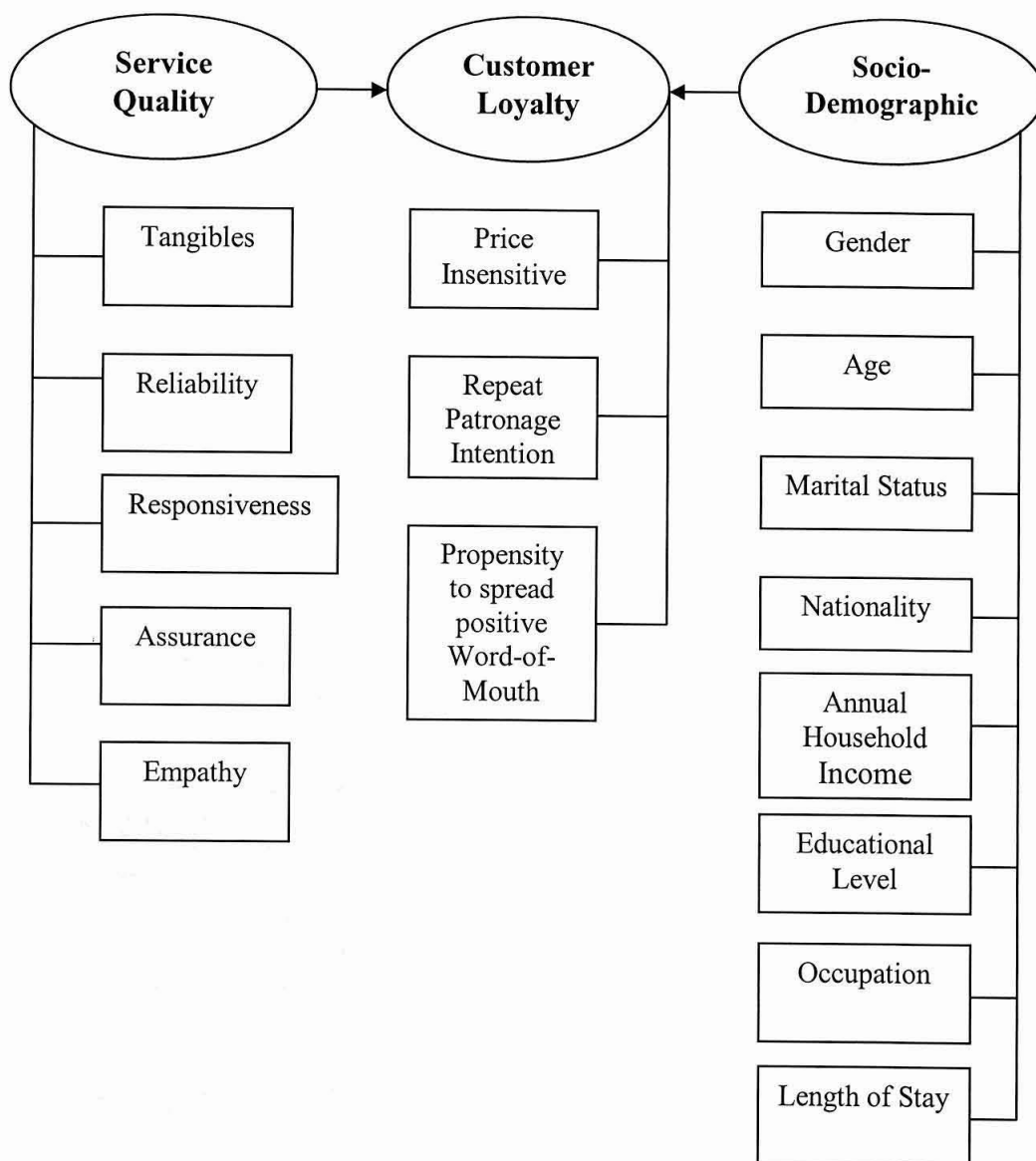


Figure 1: Schematic model of variables in this study.

Population and Sampling Plan

Target Population

In this study, customers who stayed overnight at hotels located in Broward, Palm Beach, and Dade counties in South Florida were the target population. There were 507 hotels in these three counties. Among these hotels, 73 were located in Palm Beach, 136 were located in Broward County, and 298 were in Dade County (Florida Statistical Abstract, 2004). Hotel guests who stayed at hotels in these three counties were involved in this study. In 2004, there were approximately 50,000 rooms in Miami Dade, with an average occupancy rate of 68.2%. Broward County had an estimated 33,000 rooms with an average occupancy rate of 68.4% (Condo Hotel Center, 2004). Palm Beach County had 43,000 rooms, with an average occupancy rate of 68.4% (Tourist Development Council of Palm Beach County, 2005). It is estimated that there were at least 126,000 hotel rooms in south Florida at the time of the study. With approximately 68% occupancy, that would result in 85,681 rooms occupied. It is unknown how many rooms had more than one person occupying the room. Therefore, it was estimated the target population of hotel occupants, was over 100,000 at the time of the study, adjusting for more than one person per room and possible addition of new hotel rooms.

Accessible Population and Setting

The accessible population was limited to guests receiving service who stayed over-night at hotels located in South Florida. The locations of project implementation were on beaches in Dade, Broward, and Palm Beach counties. The goal was to select quiet places on the beach for respondents to complete the survey questionnaire. The number of audience was unknown in the target, that on the beaches in the tri-county area.

The survey questionnaire was passed out to hotel guests present on 2 beaches in Palm Beach, 3 beaches in Broward County, and 4 beaches in Dade County during one month of data collection. On average, one out of three participants were willing to participate in completing the survey questionnaire.

Sampling Plan

Sample Size

The appropriate sample size is based on the number of hotel guests in South Florida, which is approximately eight million annually (Florida Statistical Abstract, 2004). The appropriate sample helps reduce the sampling error and enhances the generalizability of the study (Wiersma, 1995). According to Gay (1996), if the number of population is more than 100,000, the sample size should be about 384. The target population is based on the number of tourists who visited South Florida in the year 2004 and stayed overnight in a hotel, estimated at 100,000, as discussed previously. Therefore, the desired sample size is about 405.

Eligibility Criteria

1. The geographic area and setting was limited to Dade, Broward, and Palm Beach counties, South Florida, U.S.A. The locations of project implementation were on beaches in Dade, Broward, and Palm Beach counties.
2. Hotel guests had to be able to read, write, and speak English and were 18 years and older.

3. Hotel guests had to be staying as overnight guests or stayed overnight at hotels previously located in Dade, Broward, and Palm Beach counties, South Florida during the past twelve months.
4. Hotel guests' perceptions of service quality of the hotel were limited to guests who stayed overnight at the hotels in South Florida only.
5. Hotel guests agreed to participate in the study and to complete the questionnaire.

Quota and Intercept, Non-Probability Sampling Plan

The sample was chosen from hotel guests who stayed overnight or recently stayed overnight at hotels in the past twelve months, using a non- probability quota and intercept sampling plan. Quota sampling is usually used when the researcher needs to "select typical cases from each segment, or stratum of population and fill the quota" (Ary, Jacobs, & Razavieh, 2002, p. 170). Quota sampling involves "selecting typical cases from diverse strata of a population" (Ary et al., 2002, p. 170).

Quota sampling, Gay and Airasian (2000) mentioned when listing all members of the population of interest is not possible, quota sampling is most often used for survey research. Data gatherers are given exact characteristics and quotas of persons to be interviewed when quota sampling is involved. In large-scale surveys, this technique of sampling is widely used. It is obvious when data are obtained from simply accessible individuals that quota sampling has been used (Gay & Airasian, 2000).

The major benefits of using quota sampling are the speed for collecting data, the less expensive cost, and the convenience this method represents. However, the major weakness of quota sampling is individuals chosen may not be representative of the given

stratum (Ary et al., 2002). The rationale of selecting non-probability sampling in this study is because it is not feasible, practical, or theoretically sensible to use random sampling. This sampling technique also helps insure some degree of representativeness of all strata in the population (Salkind, 2000). As this study focuses on hotels in Broward, Palm Beach and Dade counties, quota sampling is necessary to reflect the difference of population. As this study focuses on three counties located in South Florida, the subpopulation was be selected from each county based on the statistical data about the numbers of hotels located in South Florida.

The variables of interest are counties in South Florida, which can be classified as several counties. However, this study focuses on three counties – Dade, Broward, and Palm Beach counties (see Figure 2). Thus, the research classifies the counties into the subgroup. This study aimed for a sample size of 405. Seventy-three hotels are located in Palm Beach, which needed a sample size of 58, 14.3%. One hundred and thirty-six hotels are located in Broward County, which needs a sample size of 109, 26.9%, and two hundred and ninety-eight hotels are in Dade County which needs a sample size of 238, 58.8 %. Thus, the sample size was selected equally based on the numbers of hotels located in each county. In this study, settings for data collection are beaches located in Dade, Broward, and Palm Beach counties, South Florida. There are quiet places available for respondents to spend time completing the survey questionnaire.

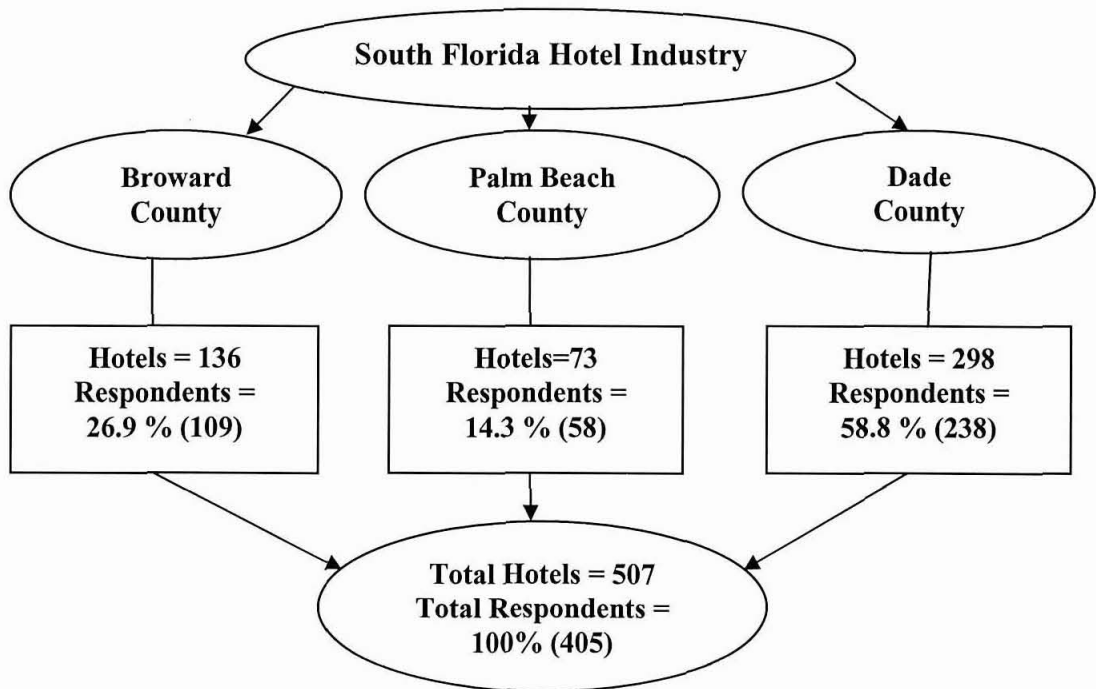


Figure 2: Quota and intercept sampling method.

Instrumentation

The survey questionnaire used in this study contains three parts to measure the variables. Part one is the *Socio-Demographic Profile*, developed by the researcher (Appendix B). This part has questions about customer demographics. Part two measures hotel guests' perceptions of service quality dimensions of the specific hotels in South Florida, modifying the 22-item *SERVQUAL* instrument developed by Parasuraman et al. in 1988 (modified by the researcher). Part three has questions that are used to measure customer loyalty, especially repeated purchasing intention measured by customer loyalty developed by Skogland and Siguaw (2004) (modified by the researcher). This three-Part questionnaire is a self-administered survey completed by the selected sample of hotel

guests. Checklists, fill-in-the-blank, and a four-point Likert rating scale are used in this questionnaire. All parts of the survey take about 15 minutes to complete.

Part 1: Socio-Demographic Profile

The first section includes socio-demographic profile of hotel guests in the specific hotels who participate in this study. Socio-demographic variables were measured by “check-list” questions such as, gender, age, marital status, nationality, annual household income, highest education level achieved, and nationality and occupation. Some questions were fill-in-the-blank, such as hotel names.

The socio-demographic data were collected in order to explain the sample, and to scrutinize the relationships to other variables in the study. Gender was classified as “Male” and “Female.” Age in years was classified into “18-25,” “26-35,” “36-45,” “46-55,” “56-65,” and “Above 65.” Marital status contained four response classifications, which were “Single,” “Married,” “Divorced,” and “Widowed.” Nationality was divided into two categories, which were “U.S.A” (please specify which Region “Mid-Atlantic,” “New England,” “North Central,” “Midwest,” “South,” and “West”) and “Non-U.S.A (please specify which Continent “Africa,” “Asia,” “Europe,” “Oceania,” “North America,” “South America”). Annual household income contained five categories, which were “less than \$20,000,” “\$20,000-\$35,000,” “\$35,001-\$50,000,” “\$50,001-\$75,000,” and “More than \$75,000.” The highest education level achieved consisted of seven categories, including “Below High School,” “High School Diploma,” “Vocational/Technical Degree,” “Some College,” “Associate Degree,” “Undergraduate Degree,” and “Graduate Degree.” Occupation contained eight categories, which were “Executive of large concern, proprietor, and major professional,” “Business manager,

proprietor of medium-sized business, and mid-level professional,” “Administrative personnel, owner of small business, and low-level professional,” “Clerical and sales worker, technician, and owner of home business,” “Skilled manual employee,” “Machine operators and semiskilled employee,” “Manual worker,” “Other” (as cited in Miller & Salkind, 2002). In which hotel were guests staying required the hotel name being filled into a blank and the hotels names was kept confidential. Length of stay contained eight categories, which were “1 day,” “2 days,” “3 days,” “4 days,” “5 days,” “6 days,” “7 days,” and “8 or more days.”

The directions for hotel guests to fill out Part one stated: “This section contains a few demographic questions for categorization purposes only. Please place a check mark in front of the most appropriate option that best describes you”. In addition, Names of hotel was collected but the names of hotels were not shared in the dissertation, and the hotels names was kept confidential. Data regarding hotel names were shared with, and analyzed by, the dissertation chair.

Part 2: Service Quality Dimensions - SERVQUAL

The SERVQUAL instrument developed by Parasuraman et al. (1988) has been widely used and/or adapted for use in numerous studies of service quality. The rationale of using this instrument in many studies is that the common service application and the practical method to the area of service quality. Juwaheer and Ross (2003) noted that many researchers have modified *SERVQUAL* concepts to suit specific hotels involved in each study and applied the instrument to measure quality of service in the hotel industry.

In Part two of this survey, the original *SERVQUAL* instrument was modified to appraise the service quality of hotels in South Florida. As indicated by the instrument

developers, this instrument could be supplemented to match specific research needs (Parasuraman et al., 1991). The second section measured hotel guests' perception of service quality in the hotel of their stay. In the original version, the *SERVQUAL 22-item instrument* was composed of five dimensions encompassing tangibles (4 items), reliability (5 items), responsiveness (4 items), assurance (4 items), and empathy (5 items). The respondents are asked to indicate their perception of service quality of the hotel where they stayed, based on a four-point Likert scale from 4 (Strongly Agree) to 1 (Strongly Disagree).

A direction to respondents was: "Please indicate how strongly you agree or disagree with each of the statements presented below by circling on the most appropriate option."

Part 3: Customer Loyalty

The third section of the survey was modified from the third part of the original customer loyalty survey developed by Skogland and Siguaw (2004) with the authors' permission. There were seven items used to measure hotel guests' loyalty, which included a measure of actual repeat-patronage intention. Skogland and Siguaw (2004) measured customer loyalty in the hotel guests covering three dimensions, which were price insensitivity (Attitudinal loyalty) (2 items), repeat-patronage intentions (3 items), and the propensity to spread positive "word-of-mouth" (2 items). Two items used were reverse scored, "If a competing hotel were to offer a better rate or discount on their services I would switch" and "I am likely to make negative comments about the hotel to my friends and family." The respondents were asked to indicate their feelings about the hotel where they stayed based on a four-point Likert scale, ranging from four (Strongly

Agree) to one (Strongly Disagree). In addition, one item, which asked whether participants routinely stayed at the same hotel, was included as a measure of actual repeat-patronage behavior.

Direction to respondents was: "Please indicate how strongly you agree or disagree with each of the statements presented below by circling on the most appropriate option."

Pilot Study of Survey Instrument

As this survey was newly modified by the researcher, a pilot test was needed, along with evaluation of academics and experts in the hospitality industry regarding each item provided in the survey questionnaire to address the reliability and validity of the survey questionnaire. An appropriate pilot test study was conducted with 50 guests in hotels that were located in South Florida. This number was appropriate for conducting the pilot run. The elimination or adaptation, if necessary, of each question in each part of this survey questionnaire, was based on the results of the alpha coefficient. The research eliminated and reran the SPSS to check whether an alpha was sufficiently high prior to preparing the final form of the questionnaire; if the results showed that some questions needed to be eliminated or adapted in order to increase the alpha coefficient (Wiersma, 1995). The pilot test provided useful information and indicated whether the instrument used in this study was modified appropriately.

Reliability and Validity of the Survey Instrument

After conducting the pilot test study, the researcher reported the reliability and validity of the survey instrument. As this survey instrument was newly modified from the original versions of *SERVQUAL* and *Hotel Customer loyalty* instruments, reports on reliability and validity were necessary. If the score on reliability of each variable was

lower than 0.7, according to Nunnally's (1978), suggestion the researcher excluded those items from the instrument. For validity, if each variable was lower than 0.4, the researcher removed those items from the questionnaire. However, if necessary, the researcher might make some changes in either content or meaning of that variable to raise the score on reliability and validity. In conclusion, the report on coefficient alphas was provided for the total *SERVQUAL* and *Customer Loyalty* and subscales to offer approximations of reliability. Correlation coefficients between these two instruments and their subscales further created concurrent validity (see Table 3).

Estimates of Reliability Using Cronbach's Coefficient Alpha

Cronbach's coefficient alpha for internal consistency for the SERVQUAL. As shown in Table 1, the five *SERVQUAL* dimensions for the total scale demonstrated an acceptable internal consistency, shown by $\alpha = .78$. For the pilot study, the tangibles scale had a coefficient $\alpha = .72$. The reliability scale had a coefficient $\alpha = .73$. The responsiveness scale had coefficient $\alpha = .74$. The assurance scale had a coefficient $\alpha = .79$, and the empathy scale had a coefficient $\alpha = .82$.

Table 1

Cronbach's Alphas for Modified SERVQUAL (N=50)

SERVQUAL Dimensions	Number of Items	Coefficient α
Tangibles	4	.717
Reliability	5	.729
Responsiveness	4	.741
Assurance	4	.787
Empathy	5	.821
Total	22	.780

Cronbach's coefficient alpha for internal consistency for the customer loyalty.

As shown in Table 2, the three *Customer Loyalty* dimensions for the total scale demonstrated an excellent internal consistency, shown by $\alpha = .90$. For the pilot study, the repeat-patronage scale had a coefficient $\alpha = .89$. The price insensitivity scale had a coefficient $\alpha = .86$, and the word-of-mouth scale had a coefficient $\alpha = .84$.

Table 2

Cronbach's Alphas for Modified Customer Loyalty (N=50)

Customer Loyalty Dimensions	Number of Items	Coefficient α
Repeat-Patronage	3	.888
Price-Insensitivity	2	.862
Words of Mouth	2	.840
Total	7	.903

Factor Analysis of SERVQUAL & Customer Loyalty

Validity for SERVQUAL. As shown in Table 3, for factor analysis, each item score of *SERVQUAL* dimensions was greater or equal 0.4, excluding item 13 of responsiveness dimension (.39), which had a validity score below 0.4. Even though the score was lower than the suggestion, item 13 of responsiveness dimension was not removed from the questionnaire for the final data collection. However, if the score of this item was lower than 0.4 for the final factor analysis, this item would have been removed and not used for the multiple regression analyses.

Table 3

Validity of SERVQUAL (N = 50)

Dimensions	Factor Loading
Tangibles	
1. The hotel has up-to-date equipment.	.619
2. The hotel has visually appealing facilities.	.607
3. Hotel employees are well dressed and appear neat.	.598
4. The hotel's appearance is as it should be.	.695
Reliability	
5. The hotel keeps its promise of doing things on time.	.577
6. If you have a problem, the hotel enthusiastically shows the willingness to solve it right away.	.577
7. The hotel service is dependable.	.697
8. The hotel provides services as promised.	.622
9. The hotel maintains accurate records.	.539
Responsiveness	
10. Hotel employees are able to tell you exactly when services will be performed.	.866
11. Hotel patrons are able to expect prompt services.	.558
12. Hotel employees are willing to help guests	.738
13. Even if busy, hotel employees are available to meet your needs.	.391
Assurance	
14. Guests are able to trust hotel employees.	.649
15. You feel safe in your dealing with hotel employees.	.887
16. Hotel employees are polite at all times.	.774
17. Hotel employees have sufficient support from the hotel to do jobs well.	.400
Empathy	
18. The hotel provides you with individual attention.	.580
19. The hotel employees provide you with individual attention.	.781
20. Hotel employees understand your specific needs.	.835
21. The hotel has your best interests at heart.	.668
22. The hotel has operating hours convenient to you.	.607

Validity for customer loyalty. As shown in Table 4, for factor analysis, validity score of each item of *Customer Loyalty* dimensions was higher than 0.4 based on Nunnally's (1978) suggestion. Therefore, these items were acceptable for use in the final data collection.

Table 4

Validity of Customer loyalty (N = 50)

Dimensions	Factor Loading
Repeat Patronage	
I consider myself to be a loyal guest of the hotel.	.763
In the near future, I intend to use this hotel more often.	.762
As long as I travel to this area, I do not foresee myself switching to a different hotel.	.639
Price Insensitivity	
If the hotel were to raise the price of my stay, I would still continue to be a guest of the hotel.	.660
If a competing hotel were to offer a better rate or discount on their services I would <i>switch</i> .	.674
Word-of-mouth	
I would highly recommend the hotel to my friends and family.	.581
I am likely to make <i>negative</i> comments about the hotel to my friends and family.	.645

Correlation Matrix Between SERVQUAL Dimensions and Customer Loyalty

Dimensions

Pearson *r* correlation coefficients were used to examine the functional relationships between two variables. As shown in Table 5, for *SERVQUAL tangibles* dimension, a positive relationship was found with the *Customer Loyalty* dimension of repeat-patronage intention ($r = .32, p \leq .05$). For *SERVQUAL assurance* dimension, strong positive relationships were found with the *Customer Loyalty* dimension of repeat-

patronage intention ($r = .53, p \leq .01$) and word-of-mouth ($r = .37, p \leq .01$), and showed a positive relationship with prince insensitivity dimension ($r = .30, p \leq .05$). For the *SERVQUAL* empathy dimension, strong positive relationships were shown with the *Customer Loyalty* dimension of repeat-patronage intention ($r = .48, p \leq .01$) and word-of-mouth ($r = .53, p \leq .01$), and showed a positive relationship with prince insensitivity dimension ($r = .34, p \leq .05$).

Table 5

Correlation Matrix between Modified SERVQUAL and Modified Customer Loyalty (N=50)

Dimensions	Customer Loyalty Repeat –Patronage Intentions	Customer Loyalty Price Insensitivity	Customer Loyalty Word-of-Mouth
Tangibles	.322*	.146	.211
Reliability	.060	-.042	.003
Responsiveness	.080	.106	.184
Assurance	.536**	.305*	.373**
Empathy	.445**	.345*	.528**

*Significant level * $\leq .05$ ** $\leq .01$ *** $\leq .001$*

Procedures: Ethical Considerations and Data Collection Methods

1. This study was used a three-part survey: the Socio-demographic Profile, the *SERVQUAL*, and the *Customer Loyalty*, as the data collection instruments. The researcher contacted the developers of each instrument for permission to modify the instruments for the data collection.

2. All respondents had to be able to speak, read, and write English because the survey questionnaire was designed in an English version only.
3. Hotel guests were approached at beaches in Dade, Broward, and Palm Beach Counties. Thus, hotel approval or permission was not needed. As this study focuses on the overall hotel industry of South Florida, the names of the hotels were not reported. Names of hotel were collected but the names of hotels were not shared in the dissertation. Data regarding hotel names were not shared with, and analyzed by, the dissertation chair.
4. An application for IRB was submitted. The special aspects of this board review were abided by CFR (45 CFR 46 101 [h]).
5. Informed Consent Procedures: The participants were provided an explanation of the dissertation research. If they were interested in joining, the subjects were provided the Informed Consent form, and any questions were answered. Participants were anonymous and there were identifiers; therefore, a consent form was not signed.
6. If the subject agreed to participate in data collection, the trained surveyors provided the survey form on a “clip board” to the subject, and moved away so the subject could fill out the survey in a private place. If the subject had a question, the trained surveyors were present to answer the question.
7. Participants were informed that all data collected were de-identified. A number was coded for each survey, and there were no individual participant identifiers. To ensure anonymity, survey forms were completed in private, placed in an envelope by the respondent, and then the respondent placed the

survey in a “mail box” with a “slit”. The surveys will be kept in a locked depository box for a period of five years, and then will be destroyed.

8. Upon approval of Lynn University’s IRB, the data collection process was initiated.
9. As this study involved a huge sample size, the researcher needed assistance. The researcher had at least two assistants helped collect data. To ensure their knowledge of research and an understanding about this study, the researcher reviewed their college transcripts and determined whether a research course was taken or not during their college study. Also, the training regarding this study and survey questionnaire was provided to all assistants. These assistants were chosen from students in the Ph.D. program at Lynn University. All of assistants who were involved in collecting data in this study had to be experienced with research and data collection process, and were trained to understand about this study and IRB process. The assistants also had completed all research course work at Lynn University. The assistants assisted the researcher in giving the informed consent letter, the survey, and collection of the survey.
10. The researcher supervised all assistants during the data collection process.
11. The data collection process was conducted during a one-month period at beaches located in Dade, Broward, and Palm Beach counties, South Florida after the researcher received IRB approval for data collection.
12. The data were treated as aggregate and the hotels names were kept confidential.

13. The start date was August 1st, 2005, and data collection was completed by August 30th, 2005.
14. At the completion of data collection, the principal researcher submitted to the Lynn University IRB a Report of Termination of Project.

Evaluation of Ethical Aspects of the Study

1. Informed Consent was presented in this study. The subjects were clarified about the dissertation research. If they were interested in participating, they were provided the Informed Consent letter (Appendix A).
2. Respondents were informed that all data gathered were de-identified.
3. Each survey was coded by a number, and was anonymous.
4. An application for IRB was presented.
5. Approval of Lynn University's IRB helped assure that this study contained procedures to protect human subjects.
6. Two assistants who were involved in collecting data in this study had to be experienced with research and data collection process and were trained to understand about this study. The assistants assisted the researcher in giving informed consent letter, the survey, and collection of the survey. These assistants were chosen from students in the Ph.D. program at Lynn University.
7. The data were kept confidentially and stored electronically on "password protected" computers. The completed questionnaires was kept in a locked filing cabinet. To further protect the identity of the participants, anonymity will be maintained. The data will be stored in a locked depository box for a period of five years, and then will be destroyed.

Based on this evaluation of ethical aspects, this research study is ethical.

Method of Data Analysis

The SPSS for Windows version 13.0 was used for data analysis. A variety of statistical measures such as, frequency distributions, reliability estimates, a correlational analysis, and multiple regression analysis were used for data analysis. Two major variables in this study were discovered through the use of a correlational analysis.

For Research Question #1, descriptive statistics including measures of central tendency, variation, and frequency distributions explained the hotel's guests': (a) socio-demographic characteristics, (b) perceptions of service quality using the modified version of *SERVQUAL*, and (c) customer loyalty.

For Research Question #2, *t*-test, ANOVA, and Pearson *r* correlation coefficients investigated the relationship between hotel guests' socio-demographic characteristics, their perceptions of service quality of the hotel, and customer loyalty. The researcher investigated relationship between these variable to discover what defines customer loyalty.

To test the hypothesis, three separate multiple regression statistics were used. Among hotel guests in South Florida, perceptions of the service quality dimension in terms of assurance, reliability, responsiveness, empathy and tangibles were significant explanatory variables of customer loyalty.

SPSS was used to report coefficient alphas for both newly modified instruments to address reliability and validity of the instruments.

Evaluation of Research Methods

The examination of internal validity and external validity was addressed through strengths and weaknesses of research methods. Strengths of this study's design were addressed systematically as follows:

1. A quantitative research method in this study was a strength because it could be generalized to a large population when gathering data (Gay, 1996).
2. Valid and reliable research instruments contributed to internal validity.
3. Correlational research was a strength due to establishing a linkage which existed between two or more variables (Gay, 1996).
4. The strength of using this sampling method was to "insure some degree of representativeness of all the strata in the population" (Salkind, 2000).
5. An advantage of quota sampling was that it involved "selecting typical cases from diverse strata of a population" (Ary et al., 2002, p. 170). The major benefits of using quota sampling were the speed for collecting data, the less expensive cost, and the convenience.
6. The strength of the multiple regression method helped determine the relationship between the target variable and a mixture of two or more predictor variables (Gay, 1996).
7. For the data analysis, statistical procedures considered in this study were suitable to answer the research questions and hypothesis of this study. This helped strengthen the internal validity of the study with respect to measurement of variables.

Weaknesses of this study's design were addressed systematically as follows:

1. The weakness of this sampling approach was the agreement to participation from hotel's guests who were engaged in activities at the beaches, it may self selection bias, and beach limit.
2. The setting may be the weakness in external validity of this study because three counties (Dade, Broward, and Palm Beach counties) might not represent the entire hotel industry of South Florida.
3. The weakness of beach settings that might have uncontrollable factors during data collection and may influence the responses, potentially effecting the construct validity of this study.
4. The major weakness of quota sampling was individuals chosen might not be representative of the given stratum (Ary et al., 2002).
5. There were only two independent variables included in this study. There may be other variables effecting loyalty.

Summary

Chapter 3 discussed the research methodology that addresses the research questions and hypothesis about service quality and customer loyalty emphasizing repeated purchasing behavior in a hotel industry of South Florida. This chapter contains an explanation of the proposed research design, the sampling plan and setting, instrumentation, human subjects' procedures, data collection procedures, and methods of data analysis. Chapter 4 presents data interpretation and discussion.

CHAPTER 4

RESULTS

The results of this study about the relationship between guest's perceptions of service quality and customer loyalty in the hotel industry in South Florida are presented. The socio-demographic characteristics of the sampled hotel's guests, analysis of the research questions and test of the hypothesis, and other findings from this study are described. To answer research questions and test hypothesis, methods of data analyses provided the use of descriptive and inferential statistics for the socio-demographic characteristics, the measurement of service quality and customer loyalty.

Research Question 1

Do the socio-demographic characteristics of hotel customers affect their perceptions of service quality and customer loyalty?

Socio- Demographic Characteristics of the Sample

The *Socio-Demographic Profile* provided information about the background of each respondent. The sample of 405 was obtained; however, only a total of 369 participants completed questionnaires correctly (91.1%). Table 6 provides a summary of the sample characteristics. As shown in Table 6, the total population consisted of 45% males and 55% females. The age of respondents ranged from 18 to over 65. The largest age group represented was 26-35 (33.6%). The least represented group was over 65 (4.6%). Nearly 53% of participants were married, whereas only 0.5% was widowed. The majority of participants were adult workers and more than half of them were married.

To strengthen generalizing findings from the sample to the target population, in addition to systematic sampling, a quota sampling plan was designed to represent the

proportion of hotels in each of the three south Florida counties. There were 73 hotels located in Palm Beach, and a sample size of 58 (14.3%) Palm Beach County hotel guests was needed. In Broward County, there were 136 hotels, and a sample size of 109 (26.9%) Broward County hotel guests was needed. In Dade County, there were 298 hotels and a sample size of 238 (58.8%) was needed. Because the final data producing sample of 369 usable surveys was short by 36 hotel guests, the percentage distribution of the sample staying in hotels and using Florida beaches in the three South Florida counties was compared with the quota sampling plan. As shown in Table 6, compared with the initial quota sample goals, the final data producing sample was slightly underrepresented for Broward County, by 1.4% and Dade County by 1.9%; and, Palm Beach County was slightly over-represented by 3.3%.

The sample size was adequate and systematic probability sampling was used. Furthermore, the final data producing sample closely represented the distribution of hotels in the tri-county area depicted in the quota sampling plan goals, further strengthening external validity. As a result, findings of this study may be generalized to hotel guests in South Florida who use South Florida beaches. Generalizing beyond this population must be with caution.

Table 6

Socio-Demographic Characteristics of Hotel Guests by Gender, Age, Marital Status, and County

Demographic Variables	Number	Valid Percentage	Mode
Gender			Female
Male	166	45.0%	
Female	203	55.0%	
Total	369	100.0%	
Age			26-35
18-25	87	23.6%	
26-35	124	33.6%	
36-45	82	22.2%	
46-55	36	9.8%	
56-65	23	6.2%	
Over 65	17	4.6%	
Total	369	100.0%	
Marital Status			Married
Single	109	29.5%	
Married	194	52.6%	
Separated	35	9.5%	
Divorced	29	7.9%	
Widowed	2	0.5%	
Total	369	100.0%	
County Sample Size			
Tri County			
Goal	405	100.0%	
Result	369	91.1%	
Difference	36	-8.9%	
Broward County			
Goal	109	26.9%	
Result	94	25.5%	
Difference	-15	-1.4%	
Palm Beach County			
Goal	58	14.3%	
Result	65	17.6%	
Difference	+6	+3.3%	
Dade County			
Goal % of Total	238	58.8%	
Result % of Sample	210	56.9%	
Difference	+28	-1.9%	

Table 7 presents characteristics of hotel customers' nationality. More than 58% of respondents were American, the majority group was from the Mid-Atlantic region (15.7%). Nearly 42% of hotel customers participated in this study were Non-American, the majority group was from Europe (18.2%).

Table 7

Socio-Demographic Characteristics of Hotel Guests by Nationality

Demographic Variables	Number	Valid Percentage	Mode
Nationality			
U.S.A.			Mid-Atlantic
Mid-Atlantic	58	15.7%	
New England	33	8.9%	
North Central	27	7.3%	
Midwest	47	12.7%	
South	23	6.2%	
West	27	7.3%	
Non-U.S.A.			Europe
Africa	12	3.3%	
Asia	22	6.0%	
Europe	67	18.2%	
Oceania	10	2.7%	
North-America	15	4.1%	
South-America	28	7.6%	
Total	369	100.0%	

As shown in Table 8, the highest percentage of level was more than \$75,000 (30.4%). The lowest rated was less than \$20,000 (10.6%). For educational level, the highest number of participants received undergraduate degrees (22.5%) while only 3.5% of respondents did not have a high school diploma. This means that most respondents in this study had an educational level of some college or above. For occupation, more than 28% of participants worked as a business manager, whereas only 1.1% of the group served as a manual worker.

Table 8

Socio-Demographic Characteristics of Hotel Guests by Annual Household Income, Educational Level, and Occupation

Demographic Variables	Number	Valid Percentage	Mode
Annual Income			More than 75,000
Less than \$20,000	39	10.6%	
\$20,000-35,000	73	19.8%	
\$35,001-50,000	74	20.1%	
\$50,001-75,000	71	19.2%	
More than 75,000	112	30.4%	
Total	369	100.0%	
Educational			Undergraduate Degree
Below High School	13	3.5%	
High School Diploma	40	10.8%	
Vocational Degree	31	8.4%	
Some College	77	20.9%	
Associate Degree	51	13.8%	
Undergraduate Degree	83	22.5%	
Graduate Degree	74	20.1%	
Total	369	100.0%	
Occupation			Business Manager
Executive	54	14.6%	
Business Manager	104	28.2%	
Administrative Personnel	74	20.1%	
Clerical and Sales Workers	49	13.3%	
Skilled Manual Employee	31	8.4%	
Machine Operator	9	2.4%	
Manual Workers	4	1.1%	
Other	44	11.9%	
Total	369	100.0%	

As shown in Table 9, for length of stay, the majority of participants stayed at the hotel in South Florida 4 days or longer (75.3%). The low of group stayed only 1 day (3.3%) at the hotel in South Florida.

Table 9

<i>Length of Stay</i>			
	Number	Percentage	Mode
Length of Stay			4 days
1 day	12	3.3	
2 days	20	5.4	
3 days	59	16.0	
4 days	89	24.1	
5 days	78	21.1	
6 days	34	9.2	
7 days	32	8.7	
8 or more days	45	12.2	
Total	369	100.0	

Hotel Guests’ Perceptions of Service Quality of Service Providers

Participants were asked to complete the 22-item of *Modified SERVQUAL* developed by Parasuraman et al. (1988). The *Modified SERVQUAL* consists of five dimensions—tangibles, reliability, responsiveness, assurance, and empathy. Each item was rated on a 4-point scale ranging from “strongly agree” (4) to “strongly disagree” (1). The percent distribution of response categories of *SERVQUAL* and item means were presented in Table 10.

The 22 *SERVQUAL* scale had average total dimensions $M = 2.99$. The highest rated dimension was “responsiveness” and the lowest rated dimension was “empathy”. The 4-item of the tangibles dimension showed an average $M = 2.97$. The 5-item of the reliability dimension demonstrated an average $M = 2.97$. Tangibles and reliability dimensions were the second lowest rated dimensions. The 4-item of the responsiveness

dimension showed an average $M = 3.06$. The 4-item of the assurance dimension, showed an average $M = 3.01$. Assurance was the second highest rated dimension. The 5-item of the empathy dimension demonstrated an average $M = 2.94$.

As shown in Table 10, the highest rated item on the total scale was in the assurance dimension: "Hotel employees are polite at all times" ($M = 3.06$). The lowest rated item was "The hotel has your best interests at heart" ($M = 2.87$), of the empathy dimension. This item also had the highest percentage of low ratings assigning a 1 or 2 (31%) on "The hotel has your best interests at heart." "The hotel provides services as promised", for the reliability dimension had the highest percentage ratings of 3 or 4 (78.3%).

As shown in Table 10, Hotel guests reported responsiveness as the highest rated dimension of service quality provided by hotels. This means guests perceived hotels have an eagerness to provide prompt service and be of assistance. On the other hand, guests reported that hotels did not sufficiently provide personalized service; therefore, empathy was viewed by guests to be the lowest rated dimension of service quality.

Table 10

Hotel Guests' Perceptions of Service Quality of Service Providers: Tangibles, Reliability, Responsiveness, Assurance, and Empathy (N=369)

	Response Categories Percent Distribution				M
	Strongly Agree			Strongly Disagree	
	4	3	2	1	
Tangibles					2.97
1. The hotel has up-to-date equipment.	28.2%	41.2%	26.8%	3.8%	2.94
2. The hotel has visually appealing facilities.	27.4%	48%	19.2%	5.4%	2.97
3. Hotel employees are well dressed and appear neat.	34.1%	40.1%	20.9%	4.9%	3.04
4. The hotel's appearance is as it should be.	28.7%	38.8%	27.1%	5.4%	2.91
Reliability					2.97
5. The hotel keeps its promise of doing things on time.	24.7%	49.9%	20.9%	4.6%	2.95
6. If you have a problem, the hotel enthusiastically shows the willingness to solve it right away.	26.6%	47.4	20.1%	5.9%	2.95
7. The hotel service is dependable.	24.1%	52.6%	18.7%	4.6%	2.96
8. The hotel provides services as promised.	27.4%	50.9%	17.6%	4.1%	3.02
9. The hotel maintains accurate records.	28.9%	46.6%	19.3%	5.2%	2.99
Responsiveness					3.06
10. Hotel employees are able to tell you exactly when services will be performed.	28.7%	43.6%	21.7%	6.0%	2.95
11. Hotel patrons are able to expect prompt services.	28.5%	47.4%	17.3%	6.8%	2.98
12. Hotel employees are willing to help guests	32.8%	44.5%	16.5%	6.2%	3.04
13. Even if busy, hotel employees are available to meet your needs.	26.0%	47.7%	19.5%	6.8%	2.93
Assurance					3.01
14. Guests are able to trust hotel employees.	26.3%	50.1%	17.7%	5.9%	2.97
15. You feel safe in your dealing with hotel employees.	31.4%	45.0%	19.8%	3.8%	3.04
16. Hotel employees are polite at all times.	30.6%	48.5%	16.8%	4.1%	3.06
17. Hotel employees have sufficient support from the hotel to do jobs well.	28.9%	46.1%	20.4%	4.6%	2.99
Empathy					2.94
18. The hotel provides you with individual attention.	24.9%	47.7%	22.2%	5.2%	2.92
19. The hotel employees provide you with individual attention.	31.9%	42.6%	19.6%	5.9%	3.01
20. Hotel employees understand your specific needs.	27.1%	44.5%	20.3%	8.1%	2.91
21. The hotel has your best interests at heart.	27.3%	41.7%	21.7%	9.3%	2.87
22. The hotel has operating hours convenient to you.	34.4%	37.7%	20.6%	7.3%	2.99
Average Total Dimensions					2.99

Customer Loyalty of Hotel Industry in South Florida

Customer Loyalty of Hotel Guests

Hotel's guests were asked to complete the *Modified Customer Loyalty* developed by Skogland and Siguaw (2004). The *Customer Loyalty* consists of three dimensions—repeat-patronage intention, price insensitivity, and word-of-mouth. Each item had a 4-point scale ranging from “strongly agree” (4) to “strongly disagree” (1). The percent distribution of response categories of *Customer Loyalty* and item means were presented in Table 11.

The 7 items *Modified Customer Loyalty* scale had average total dimensions $M = 2.45$. The highest rated dimension was “word-of-mouth” and the lowest rated dimension was “price insensitivity”. The 3-item of the repeat patronage dimension showed an average $M = 2.47$. Repeat patronage was the second highest rated dimension of customer loyalty. The 2-item of the price insensitivity dimension demonstrated an average $M = 2.08$. The 2-item of the word-of-mouth dimension showed an average $M = 2.81$.

As shown in Table 11, the highest rated item on the total scale was in the word-of-mouth dimension: “I am likely to make negative comments about the hotel to my friends and family” ($M = 2.83$). The lowest rated item was “If a competing hotel were to offer a better rate or discount on their services I would switch” ($M = 1.96$), of the price insensitivity dimension. This item had the highest percentage of low ratings assigning a 1 or 2 (65%) on “I am likely to make *negative* comments about the hotel to my friends and family”, “If a competing hotel were to offer a better rate or discount on their services I would *switch*,” for the price insensitivity dimension had the highest percentage ratings of 3 or 4 (73.4%).

Table 11

Modified of the Customer Loyalty: Repeat-Patronage, Price Insensitivity, and Word-of-mouth (N=369)

	Response Categories Percent Distribution				<i>M</i>
	Strongly Agree			Strongly Disagree	
	4	3	2	1	
Repeat Patronage					2.47
I consider myself to be a loyal guest of the hotel.	21.7%	31.9%	23.6%	22.8%	2.53
In the near future, I intend to use this hotel more often.	13.8%	37.4%	30.4%	18.4%	2.47
As long as I travel to this area, I do not foresee myself switching to a different hotel.	16.0%	31.4%	32.0%	20.6%	2.43
Price Insensitivity					2.08
If the hotel were to raise the price of my stay, I would still continue to be a guest of the hotel.	11.9%	26.3%	33.1%	28.7%	2.21
If a competing hotel were to offer a better rate or discount on their services I would <i>switch</i> .	39.3%	34.1%	18.2%	8.4%	1.96
Word-of-mouth					2.81
I would highly recommend the hotel to my friends and family.	25.2%	41.2%	21.1%	12.5%	2.79
I am likely to make <i>negative</i> comments about the hotel to my friends and family.	15.5%	19.5%	31.7%	33.3%	2.83
Average Total Dimensions					2.45

Research Question 2

Which factors of customer satisfaction or perceived service quality are positively related to customer loyalty in the hotel industry of South Florida?

Correlation Matrix Between Socio-demographic Characteristics (Age, Income, Education, Occupation, and Social Status) and the SERVQUAL

Dimensions and Customer Loyalty Dimensions

As shown in Table 12, Pearson r correlation coefficients were used to examine the functional relationships between two variables. For *SERVQUAL* dimensions, a weak inverse relationship was shown between tangibles and length of stay ($r = -.11, p \leq .05$). For responsiveness, a positive relationship was demonstrated with age ($r = .11, p \leq .05$). For reliability, a strong inverse relationship was demonstrated with occupation ($r = -.15, p \leq .01$). An inverse relationship was found between empathy and occupation ($r = -.12, p \leq .05$). For *Customer Loyalty*, there was a weak positive relationship between price-insensitivity and education ($r = .11, p \leq .05$). This means that the higher the educational level of customers, the more insensitive they are to price. This may be because customers who possess a high level of education had sufficient money to pay for the service if they believe that it was appropriate and reasonable for them.

As shown in Table 12, length of stay and tangibles demonstrated a negative relationship ($r = -.11, p \leq .05$). This means that the longer customers stay in a hotel, the less focused they are on the tangibles. In other words, hotel guests become bored with surroundings. On the other hand, length of stay and empathy showed no relationship ($r = -.064$). This means that if customers stay at the hotel for just one or two days, they are less lively to experience the empathy provided by the hotel employees. Perhaps, guests

paid less attention to empathy of service providers at the hotel, if they just stayed a short time in the hotel.

Table 12

Pearson r Correlation Matrix: Correlation Between SERVQUAL Dimensions, Customer Loyalty Dimensions and Age, Income, Education, Occupation, and Length of Stay (N=369)

	Age	Income	Education	Occupation	Length of Stay
SERVQUAL Dimensions					
Tangibles	.090	.072	.070	-.082	-.109(*)
Reliability	.074	.066	.038	-.144(**)	-.075
Responsiveness	.116(*)	.096	.062	-.038	.043
Assurance	.013	.071	.054	-.043	-.101
Empathy	.097	.068	.071	-.121(*)	-.064
Customer Loyalty Dimensions					
Repeat-Patronage	.059	.053	.083	-.011	-.040
Price-Insensitivity	.009	.040	.113(*)	-.017	.046
Word-of-mouth	.084	.102	.088	-.084	-.044

*Significant level * ≤ .05 ** ≤ .01 *** ≤ .001*

Gender Comparisons for the SERVQUAL Dimensions and Customer Loyalty Dimensions

The *t*-test was used to examine the significance difference between the means of males and females sample distributions. In this study, *t*-test was used to compare the mean dimension scores for the *SERVQUAL* and *Customer Loyalty* based on gender (males and females). Table 13 showed that assurance was the highest rated and empathy was the lowest rated *SERVQUAL* dimensions for both males and females, according to mean dimension scores. Analyses of *t*-test showed that male scores were not significantly different from female scores for all *SERVQUAL* dimensions. For *Customer*

Loyalty, word-of-mouth was the highest rated dimension whereas the price insensitivity was the lowest rated dimension for both male and female. There was no significant difference between male and female scores, according to analyses by *t*-test. This means that males and females did not have different perceptions toward the service quality of the hotels, and their loyalty.

Table 13

Comparison of the Mean Scores and Standard Deviations for SERVQUAL Dimensions and Customer Loyalty Dimensions of Hotel Customers According to Gender: Independent t- tests (N= 369)

Variables	Male (N = 166)		Female (N = 203)		<i>t</i>	<i>p</i>
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>		
SERVQUAL Dimensions						
Tangibles	2.9593	.74382	2.9667	.72896	-.096	.924
Reliability	3.0133	.63289	2.9399	.71236	1.047	.296
Responsiveness	2.9759	.73507	2.9717	.75788	.054	.957
Assurance	3.0271	.70012	3.0049	.72310	.298	.766
Empathy	2.9554	.75907	2.9271	.80161	.348	.728
Customer Loyalty Dimensions						
Repeat Patronage	2.4719	.90502	2.4745	.92024	-.028	.978
Prince Insensitivity	2.0904	.87089	2.0813	.86719	.100	.921
Word-of-mouth	2.7922	.92632	2.8251	.92287	-.341	.734

^a *t*-test for unequal variance

* $p \leq .05$ ** $p \leq .01$ *** $p \leq .001$

Education Level and Occupation and the SERVQUAL:

ANOVA and Post Hoc Comparisons

This study used ANOVA statistics including a seven group comparison of education level and an eight-group comparison of occupation to scrutinize differences in each dimension of *SERVQUAL* and each dimension of *Customer Loyalty*. Significant differences (significant *F*-values) and post hoc tests were conducted using the Least Significant Difference (*LSD*) and the more rigorous Scheffe test to identify which groups were different.

For *SERVQUAL*, ANOVA demonstrated no differences according to education level and occupation for all five dimensions of *SERVQUAL*. For *Customer Loyalty*, ANOVA showed a significant difference according to education level for repeat patronage dimensions of *Customer Loyalty*. However, the other two dimensions of *Customer Loyalty* (price insensitivity and word-of-mouth) had no significant differences according education level and occupation.

As shown in Table 14, for the tangibles dimension of *SERVQUAL*, ANOVA demonstrated no differences according to education level. ANOVA showed no significant differences according to occupation ($F= 1.911, p = .06$). This means that education and occupation variables did not have an impact on tangibles of *SERVQUAL*. In other words, tangibles were not affected by education level and occupation of customers.

Table 14

ANOVA and Post Hoc Comparisons of Significant Differences in SERVQUAL: Tangibles According to Education and Occupation

Variable	Tangibles <i>M</i>	<i>F</i>	<i>p</i>	Post Hoc Comparisons	
				<i>p</i> Scheffe	<i>p</i> LSD
Education (N=369)		.785	.582 ^a		
Graduate Degree (N=74)	3.0878				
Undergraduate Degree (N=83)	2.9157				
Associate Degree (N=51)	3.0294				
Some College (N=77)	2.8961				
Vocational Degree (N=31)	3.0242				
High School Diploma (N=40)	2.8625				
Below High School (N=13)	2.8654				
Occupation (N=369)		1.911	.067 ^a		
Executive (N=54)	2.9907				
Business Manager (N=104)	3.1394				
Administrative Personnel (N=74)	2.9257				
Clerical and Sales Workers (N=49)	2.7551				
Skilled Manual Employee (N=31)	2.8387				
Machine Operator (N=9)	2.6111				
Manual Workers (N=4)	2.9375				
Other (N=44)	2.9716				

^a Not Significant

For reliability dimension of *SERVQUAL*, Table 15 showed no significant difference based on education level ($F= 1.043$, $p = .410$). For occupation, ANOVA showed no significant difference ($F= 1.712$, $p = .105$). This means that education and

occupation variables did not make any difference to reliability of *SERVQUAL*. In other words, reliability was not affected by education and occupation of customers.

Table 15

ANOVA and Post Hoc Comparisons of Significant Differences in SERVQUAL: Reliability According to Education and Occupation

Variable	Reliability <i>M</i>	<i>F</i>	<i>p</i>	Post Hoc Comparisons	
				<i>p</i> Scheffe	<i>p</i> LSD
Education (N=369)		1.023	.410 ^a		
Graduate Degree (N=74)	2.9514				
Undergraduate Degree (N=83)	2.9663				
Associate Degree (N=51)	3.1333				
Some College (N=77)	2.9506				
Vocational Degree (N=31)	3.0387				
High School Diploma (N=40)	2.9100				
Below High School (N=13)	2.6769				
Occupation (N=369)		1.712	.105 ^a		
Executive (N=54)	3.0741				
Business Manager (N=104)	3.0596				
Administrative Personnel (N=74)	3.0189				
Clerical and Sales Workers (N=49)	2.9224				
Skilled Manual Employee (N=31)	2.7419				
Machine Operator (N=9)	2.8222				
Manual Workers (N=4)	3.3000				
Other (N=44)	2.7864				

^a Not Significant

For responsiveness dimension of *SERVQUAL*, Table 16 showed no significant difference based on education level ($F=.736, p = .621$). For occupation, ANOVA showed

no significant difference ($F= 1.110$, $p = .356$). This means that education and occupation variables did not make any difference to responsiveness of *SERVQUAL*. In other words, responsiveness was not affected by education and occupation of customers.

Table 16

*ANOVA and Post Hoc Comparisons of Significant Differences in SERVQUAL:
Responsiveness According to Education and Occupation*

Variable	Responsiveness <i>M</i>	<i>F</i>	<i>p</i>	Post Hoc Comparisons	
				<i>p</i> Scheffe	<i>p</i> LSD
Education (N=369)		.736	.621 ^a		
Graduate Degree (N=74)	3.1149				
Undergraduate Degree (N=83)	2.9247				
Associate Degree (N=51)	3.0245				
Some College (N=77)	2.9026				
Vocational Degree (N=31)	2.8871				
High School Diploma (N=40)	2.9438				
Below High School (N=13)	3.0000				
Occupation (N=369)		1.110	.356 ^a		
Executive (N=54)	3.1620				
Business Manager (N=104)	2.9327				
Administrative Personnel (N=74)	2.8615				
Clerical and Sales Workers (N=49)	3.0306				
Skilled Manual Employee (N=31)	3.0806				
Machine Operator (N=9)	2.7500				
Manual Workers (N=4)	3.1875				
Other (N=44)	2.9148				

^a Not Significant

As shown in Table 17, for assurance dimension, ANOVA showed no significant differences according to education level ($F=.666, p = .677$) and occupation ($F=.772, p = .611$). This means that education and occupation variables did not make any difference to assurance of *SERVQUAL*. In other words, assurance was not affected by education and occupation of customers.

Table 17

ANOVA and Post Hoc Comparisons of Significant Differences in SERVQUAL: Assurance According to Education and Occupation

Variable	Assurance M	F	p	Post Hoc Comparisons	
				p Scheffe	p LSD
Education (N=369)		.666	.677 ^a		
Below High School (N=13)	3.0000				
High School Diploma (N=40)	2.9000				
Vocational Degree (N=31)	3.0081				
Some College (N=77)	2.9610				
Associate Degree (N=51)	3.1569				
Undergraduate Degree (N=83)	2.9910				
Graduate Degree (N=74)	3.0676				
Occupation (N=369)		.772	.611 ^a		
Executive (N=54)	3.1435				
Business Manager (N=104)	3.0577				
Administrative Personnel (N=74)	2.8953				
Clerical and Sales Workers (N=49)	2.9694				
Skilled Manual Employee (N=31)	3.0403				
Machine Operator (N=9)	2.9167				
Manual Workers (N=4)	3.3125				
Other (N=44)	2.9830				

^a Not Significant

For empathy dimension of *SERVQUAL*, Table 18 showed no significant difference based on education level ($F= 1.155, p = .330$). For occupation, ANOVA showed the significant difference ($F= 1.300, p = .249$). This means that education and occupation variables did not make any difference to empathy of *SERVQUAL*. In other words, empathy was not affected by education and occupation of customers.

Table 18

ANOVA and Post Hoc Comparisons of Significant Differences in SERVQUAL: Empathy According to Education and Occupation

Variable	Empathy <i>M</i>	<i>F</i>	<i>p</i>	Post Hoc Comparisons	
				<i>p</i> Scheffe	<i>p</i> LSD
Education (N=369)		1.155	.330 ^a		
Below High School (N=13)	2.8769				
High School Diploma (N=40)	2.7650				
Vocational Degree (N=31)	3.0000				
Some College (N=77)	2.8260				
Associate Degree (N=51)	3.1059				
Undergraduate Degree (N=83)	3.0120				
Graduate Degree (N=74)	2.9432				
Occupation (N=369)		1.300	.249 ^a		
Executive (N=54)	3.1000				
Business Manager (N=104)	3.0135				
Administrative Personnel (N=74)	2.9135				
Clerical and Sales Workers (N=49)	2.9224				
Skilled Manual Employee (N=31)	2.8000				
Machine Operator (N=9)	2.5333				
Manual Workers (N=4)	3.2500				
Other (N=44)	2.7864				

^a Not Significant

Education Level and Occupation and Customer Loyalty:

ANOVA and Post Hoc Comparisons

As shown in Table 19, for repeat patronage dimension of *Customer Loyalty*, ANOVA showed significant difference based on education level ($F= 2.238, p = .039$). However, there were no significant differences in pairwise education level for post hoc comparisons using the more rigorous Scheffe test. Using the less rigorous LSD post hoc test, associate degree respondents had significantly higher scores on repeat patronage than respondents who had obtained vocational degrees ($p=.02$) and those educated with some college experience ($p=.001$). Furthermore, respondents who received undergraduate degrees had significantly higher scores on repeat patronage than respondents who were educated with some college experience ($p=.03$). For occupation, ANOVA showed no significant difference ($F= .636, p = .726$). This means that the occupation variable did not make any difference to repeat patronage of *Customer Loyalty*. On the other hand, education level affected repeat patronage of *Customer Loyalty* to some degree. In other words, repeat patronage was not affected by occupation, but repeat patronage was somewhat affected by education level.

Table 19

*ANOVA and Post Hoc Comparisons of Significant Differences in Customer Loyalty:
Repeat Patronage According to Education and Occupation*

Variable	Repeat Patronage M	F	p	Post Hoc Comparisons	
				p Scheffe	p LSD
Education (N=369)		2.238	.039		
Below High School (N=13)	2.3077				
High School Diploma (N=40)	2.4750				
Vocational Degree (N=31)	2.2903				
Some College (N=77)	2.2468				
Associate Degree (N=51)	2.7843				
Undergraduate Degree (N=83)	2.5582				
Graduate Degree (N=74)	2.5045				
Associate Degree > Vocational Degree				ns ^a	.017
Associate Degree > Some College				ns ^a	.001
Undergraduate Degree > Some College				ns ^a	.030
Occupation (N=369)		.636	.726 ^a		
Executive (N=54)	2.5864				
Business Manager (N=104)	2.4583				
Administrative Personnel (N=74)	2.4595				
Clerical and Sales Workers (N=49)	2.4150				
Skilled Manual Employee (N=31)	2.4194				
Machine Operator (N=9)	2.1111				
Manual Workers (N=4)	3.0833				
Other (N=44)	2.5152				

^a Not Significant

For price insensitivity dimension of *Customer Loyalty*, Table 20 showed no significant difference based on education level ($F= 1.876, p = .084$). For occupation, ANOVA showed no significant difference ($F= .495, p = .838$). This means that education and occupation variables did not make any difference to price insensitivity of *Customer Loyalty*. In other words, price insensitivity was not affected by education and occupation of customers.

Table 20

*ANOVA and Post Hoc Comparisons of Significant Differences in Customer Loyalty:
Price Insensitivity According to Education and Occupation*

Variable	Price Insensitivity <i>M</i>	<i>F</i>	<i>p</i>	Post Hoc Comparisons	
				<i>p</i> Scheffe	<i>p</i> LSD
Education (N=369)		1.876	.084 ^a		
Below High School (N=13)	1.5000				
High School Diploma (N=40)	1.8625				
Vocational Degree (N=31)	2.1935				
Some College (N=77)	2.0584				
Associate Degree (N=51)	2.1961				
Undergraduate Degree (N=83)	2.1867				
Graduate Degree (N=74)	2.1014				
Occupation (N=369)		.495	.838 ^a		
Executive (N=54)	2.0000				
Business Manager (N=104)	2.1827				
Administrative Personnel (N=74)	2.0541				
Clerical and Sales Workers (N=49)	2.0612				
Skilled Manual Employee (N=31)	2.0968				
Machine Operator (N=9)	1.8889				
Manual Workers (N=4)	2.5000				
Other (N=44)	2.0341				

^a Not Significant

As shown in Table 21, for word-of-mouth dimension, ANOVA showed no significant differences according to education level ($F=.863$, $p = .522$) and occupation ($F=1.317$, $p = .241$). This means that education and occupation variables did not make

any difference to word of mouth of *Customer Loyalty*. In other words, word of mouth was not affected by education and occupation of customers.

Table 21

ANOVA and Post Hoc Comparisons of Significant Differences in Customer Loyalty: Word-of-mouth According to Education and Occupation

Variable	Repeat Patronage <i>M</i>	<i>F</i>	<i>p</i>	Post Hoc Comparisons	
				<i>p</i> Scheffe	<i>p</i> LSD
Education (N=369)		.863	.522 ^a		
Below High School (N=13)	2.6538				
High School Diploma (N=40)	2.7375				
Vocational Degree (N=31)	2.7097				
Some College (N=77)	2.6688				
Associate Degree (N=51)	2.9608				
Undergraduate Degree (N=83)	2.8614				
Graduate Degree (N=74)	2.9054				
Occupation (N=369)		1.317	.241 ^a		
Executive (N=54)	2.9444				
Business Manager (N=104)	2.9375				
Administrative Personnel (N=74)	2.7365				
Clerical and Sales Workers (N=49)	2.6837				
Skilled Manual Employee (N=31)	2.6935				
Machine Operator (N=9)	2.3333				
Manual Workers (N=4)	3.3750				
Other (N=44)	2.7386				

^a Not Significant

Hypothesis

Service Quality dimensions and socio-demographic profiles are significant explanatory variables of price insensitivity, repeated purchasing behavior, and propensity to spread word-of-mouth.

Socio-demographic Characteristics and SERVQUAL in Explaining Customer

Loyalty: Repeat Patronage

Multiple regression analysis was used to examine the relationship between eight socio-demographic variables (gender, age, marital status, nationality, income, education level, occupation, length of stay) and *SERVQUAL* dimensions (tangibles, reliability, responsiveness, assurance, and empathy) and the dependent variable of repeat patronage, measured by the 3-item *Modified Customer Loyalty*. As shown in Table 22, the *F* value (20.624) for the overall regression equation was significant ($p=.0001$). The adjusted R^2 (coefficient of determination, adjusted for sample size and the number of predictor variables) indicates the regression equation using the eight socio-demographic variables and *SERVQUAL* dimensions explained about 43% (.430) of the variation in customer loyalty. To analyze the individual predictors of socio-demographic variables, the *t*-statistic, which is the regression coefficient divided by the standard error (b/SE), was not significant. These eight socio-demographic variables were not significant explanatory variables of repeat patronage. To analyze the individual predictors of *SERVQUAL* dimensions, the *t*-statistic, which is the regression coefficient divided by the standard error (b/SE), was significant for two of five dimensions: assurance ($t= 3.139, p=.002$) and empathy ($t= 6.616, p=.0001$).

In terms of relative importance of these predictors, based on the values of the beta (β) coefficients, the order of importance was empathy ($\beta=.384$) and assurance ($\beta=.164$). In summary, empathy and assurance were positively related to repeat patronage. These two variables were significant explanatory variables of repeat patronage. Assurance and empathy dimensions of service quality are significant explanatory variables of repeat patronage dimensions of customer loyalty of hotel guests in South Florida measured by *Customer Loyalty*. These dimensions should be major areas of focus for hotel managers to increase customer loyalty in terms of repeat patronage.

Table 22

Multiple Regression for Socio-Demographic Variables and SERVQUAL Variables Explaining Customer Loyalty: Repeat Patronage Dimension

Explanatory Variable	<i>b</i>	<i>SE</i>	<i>t</i>	BETA (β)	<i>p</i>
Socio-demographic					
Gender	.002	.076	.026	.001	.979
Age	.004	.030	.127	.006	.899
Marital Status	.029	.045	.633	.027	.527
Nationality	.005	.011	.503	.021	.615
Income	-.008	.029	-.255	-.011	.799
Educational Level	.027	.023	1.184	.051	.237
Occupation	.033	.018	1.789	.077	.074
Length of stay	.007	.021	.349	.015	.722
Tangibles	.106	.068	1.551	.085	.122
Reliability	.094	.070	1.341	.070	.181
Responsiveness	.105	.065	1.623	.086	.106
Assurance	.212	.068	3.139	.166	.002
Empathy	.448	.068	6.616	.384	.000
<i>N</i> = 369					
<i>F</i> = 20.624	<i>df</i> = 13	<i>p</i> = .000	<i>R</i>² = .430	Adjusted <i>R</i>² = .409	

Socio-demographic Characteristics and SERVQUAL Dimensions

in Explaining Customer Loyalty: Price Insensitivity

Multiple regression analysis was used to examine the relationship between eight socio-demographic variables (gender, age, marital status, nationality, income, education level, occupation, length of stay) and *SERVQUAL* dimensions (tangibles, reliability, responsiveness, assurance, and empathy) and the dependent variable of price insensitive, measured by the 2-item *Modified Customer Loyalty*. As shown in Table 23, the F value (4.031) for the overall regression equation was significant ($p=.0001$). The adjusted R^2 (coefficient of determination, adjusted for sample size and the number of predictor variables) indicates the regression equation using the eight socio-demographic variables and *SERVQUAL* dimensions explained about 10% (.096) of the variation in customer loyalty. To analyze the individual predictors of socio-demographic variables, the t -statistic, which is the regression coefficient divided by the standard error (b/SE), was significant only for educational level ($t=1.990$, $p=.047$).

In terms of relative importance of these predictors, based on the values of the beta (β) coefficients, the most important was educational level ($\beta=.107$). In sum, these seven variables were not significant explanatory variables of price insensitivity, but educational level was significant explanatory variable of price insensitivity. To analyze the individual predictors of *SERVQUAL* dimensions, the t -statistic, which is the regression coefficient divided by the standard error (b/SE), was significant for only empathy dimension ($t= 3.209$, $p=.001$). In terms of relative importance of these predictors, based on the values of the beta (β) coefficients, the most important was empathy ($\beta=.230$). In conclusion, empathy was positively related to price insensitivity.

Empathy dimension of service quality is a significant explanatory variable of price insensitivity dimension of customer loyalty of hotels' guests in South Florida measured by *Customer Loyalty*. This dimension can be a key area for hotel managers for developing customer loyalty in terms of price insensitivity.

Table 23

Multiple Regression for Socio-Demographic Variables and SERVQUAL Variables Explaining Customer Loyalty: Price Insensitivity Dimension

Explanatory Variable	<i>b</i>	<i>SE</i>	<i>t</i>	BETA (β)	<i>p</i>
Socio-demographic					
Gender	-.031	.089	-.352	-.018	.725
Age	.002	.035	.067	.004	.946
Marital Status	-.050	.053	-.948	-.050	.344
Nationality	.002	.012	.145	.007	.885
Income	-.001	.035	-.015	-.001	.988
Educational Level	.053	.027	1.990	.107	.047
Occupation	.017	.022	.767	.041	.444
Length of stay	.034	.024	1.387	.072	.166
Tangibles	.030	.080	.374	.025	.708
Reliability	.055	.082	.662	.043	.508
Responsiveness	.035	.076	.463	.030	.644
Assurance	.081	.080	1.018	.066	.310
Empathy	.256	.080	3.209	.230	.001
<i>N</i> = 369					
<i>F</i> = 4.013	<i>df</i> =13	<i>p</i> =.000	<i>R</i> ² =.128	Adjusted <i>R</i> ² =.096	

Socio-demographic Characteristics and SERVQUAL Dimensions

in Explaining Customer Loyalty: Word-of-mouth

Multiple regression analysis was used to examine the relationship between eight socio-demographic variables (gender, age, marital status, nationality, income, education level, occupation, length of stay) and *SERVQUAL* dimensions (tangibles, reliability, responsiveness, assurance, and empathy) and the dependent variable of word-of-mouth,

measured by the 2-item *Modified Customer Loyalty*. As shown in Table 24, the F value (24.896) for the overall regression equation was significant ($p=.0001$). The adjusted R^2 (coefficient of determination, adjusted for sample size and the number of predictor variables) indicates the regression equation using the eight socio-demographic variables and *SERVQUAL* dimensions explained about 46% (.458) of the variation in customer loyalty. To analyze the individual predictors of socio-demographic variables, the t -statistic, which is the regression coefficient divided by the standard error (b/SE), was not significant. In conclusion, these eight variables were not significant explanatory variables of word-of-mouth.

To analyze the individual predictors of *SERVQUAL* dimensions, the t -statistic, which is the regression coefficient divided by the standard error (b/SE), was significant for four dimensions: reliability ($t= 3.948, p=.0001$), responsiveness ($t= 2.637, p=.009$), assurance ($t= 2.261, p=.024$), empathy ($t= 6.152, p=.0001$). In terms of relative importance of these *SERVQUAL* predictors, based on the values of the beta (β) coefficients, the order of importance was empathy ($\beta=.342$), reliability ($\beta=.197$), responsiveness ($\beta=.134$), and assurance ($\beta=.114$). In summary, these four variables were positively related to word-of-mouth.

Reliability, responsiveness, assurance, and empathy dimensions of service quality are significant explanatory variables of word-of-mouth dimensions of customer loyalty of hotel guests in South Florida measured by *Customer Loyalty*. These dimensions could be the most important area for hotel managers to target to strengthen customer loyalty in terms of word-of-mouth.

Table 24

Multiple Regression for Socio-Demographic Variables SERVQUAL Variables Explaining Customer Loyalty: Word-of-mouth

Explanatory Variable	<i>b</i>	<i>SE</i>	<i>t</i>	BETA (β)	<i>p</i>
Socio-demographic					
Gender	.072	.073	.975	.039	.330
Age	.012	.029	.426	.018	.670
Marital Status	-.038	.044	-.877	-.036	.381
Nationality	.010	.010	.926	.037	.355
Income	.028	.029	.987	.042	.324
Educational Level	.014	.022	.650	.027	.516
Occupation	.001	.018	.073	.003	.942
Length of stay	-.001	.020	-.073	-.003	.942
Tangibles	.068	.066	1.033	.054	.302
Reliability	.268	.068	3.948	.197	.000
Responsiveness	.166	.063	2.637	.134	.009
Assurance	.148	.066	2.261	.114	.024
Empathy	.404	.066	6.152	.342	.000
<i>N= 369</i>					
<i>F= 24.896</i>	<i>df=13</i>	<i>p= .000</i>	<i>R²= .477</i>	Adjusted <i>R²= .458</i>	

***Socio-demographic Characteristics and SERVQUAL Dimensions
in Explaining Customer Loyalty***

Multiple regression analysis was used to examine the relationship between eight socio-demographic variables (gender, age, marital status, nationality, income, education level, occupation, length of stay) and *SERVQUAL* dimensions (tangibles, reliability, responsiveness, assurance, and empathy) and *Customer Loyalty* measured by the 7-item *Modified Customer Loyalty*. As shown in Table 25, the *F* value (27.003) for the overall regression equation was significant ($p=.0001$). The adjusted R^2 (coefficient of determination, adjusted for sample size and the number of predictor variables) indicates

the regression equation using the eight socio-demographic variables and *SERVQUAL* dimensions explained about 48% (.479) of the variation in customer loyalty.

To analyze the individual predictors of socio-demographic variables, the *t*-statistic, which is the regression coefficient divided by the standard error (b/SE), was not significant. In conclusion, these eight variables were not significant explanatory variables of customer loyalty.

To analyze the individual predictors of *SERVQUAL* dimensions, the *t*-statistic, which is the regression coefficient divided by the standard error (b/SE), was significant for four dimensions: reliability ($t= 2.675$, $p=.008$), responsiveness ($t= 2.125$, $p=.034$), assurance ($t= 2.937$, $p=.004$), empathy ($t= 7.357$, $p=.0001$). In terms of relative importance of these *SERVQUAL* predictors, based on the values of the beta (β) coefficients, the order of importance was empathy ($\beta=.401$), assurance ($\beta=.146$), reliability ($\beta=.136$), and responsiveness ($\beta=.106$). In summary, these four variables were positively related to word-of-mouth.

Reliability, responsiveness, assurance, and empathy dimensions of service quality are significant explanatory variables of customer loyalty of hotel guests in South Florida measured by *Customer Loyalty*. These dimensions have been consistently confirmed through the literatures, in hotel and other service industries. These dimensions could be the most important area for hotel managers to focus on increase customer loyalty.

Table 25

Multiple Regression for Socio-Demographic Variables and SERVQUAL Dimensions Explaining Customer Loyalty

Explanatory Variable	<i>b</i>	<i>SE</i>	<i>t</i>	BETA (β)	<i>p</i>
Socio-demographic					
Gender	.014	.056	.250	.010	.802
Age	.006	.022	.278	.012	.781
Marital Status	-.020	.033	-.600	-.024	.549
Nationality	.006	.008	.707	.028	.480
Income	.007	.022	.308	.013	.758
Educational Level	.031	.017	1.869	.076	.062
Occupation	.017	.014	1.242	.050	.215
Length of stay	.013	.015	.859	.034	.391
Tangibles	.068	.050	1.346	.069	.179
Reliability	.139	.052	2.675	.131	.008
Responsiveness	.102	.048	2.125	.106	.034
Assurance	.147	.050	2.937	.146	.004
Empathy	.369	.050	7.357	.401	.000
N= 369					
<i>F</i> = 27.003	<i>df</i> = 13	<i>p</i> = .000	<i>R</i>² = .497	Adjusted <i>R</i>² = .479	

Other Findings

Estimates of Reliability Using Cronbach's Coefficient Alpha and Factor Loading

*Cronbach's Coefficient Alpha for Internal Consistency and Validity for the
SERVQUAL*

As shown in Table 26, the five *SERVQUAL* dimensions for the total scale demonstrated an acceptable internal consistency, shown by $\alpha = .90$. The tangibles scale had a coefficient $\alpha = .87$. The reliability scale had a coefficient $\alpha = .89$. The responsiveness scale had coefficient $\alpha = .89$. The assurance scale had a coefficient $\alpha = .89$, and the empathy scale had a coefficient $\alpha = .93$.

For validity of the *SERVQUAL* instrument, Table 26 indicates that all items of *SERVQUAL* dimensions have a high validity ranged between 0.63-0.80. The highest factor loading was in reliability dimension: “The hotel provides services as promised” (0.807). The lowest factor loading also was in reliability dimension: “If you have a problem, the hotel enthusiastically shows the willingness to solve it right away” (0.630).

This instrument had high internal consistency and validity. This means the instrument was reliable and valid and could be used for data collection and data analyses. This helped strengthen the internal validity of the study as well.

Table 26

Cronbach's Alphas and Validity for Modified SERVQUAL (N=369)

Dimensions	Factor Loading	Alpha
Tangibles (4-item)		
1. The hotel has up-to-date equipment.	.705	.886
2. The hotel has visually appealing facilities.	.714	
3. Hotel employees are well dressed and appear neat.	.654	
4. The hotel's appearance is as it should be.	.738	
Reliability (5-item)		
5. The hotel keeps its promise of doing things on time.	.672	.895
6. If you have a problem, the hotel enthusiastically shows the willingness to solve it right away.	.630	
7. The hotel service is dependable.	.752	
8. The hotel provides services as promised.	.807	
9. The hotel maintains accurate records.	.749	
Responsiveness (4-item)		
10. Hotel employees are able to tell you exactly when services will be performed.	.698	.894
11. Hotel patrons are able to expect prompt services.	.714	
12. Hotel employees are willing to help guests	.803	
13. Even if busy, hotel employees are available to meet your needs.	.713	
Assurance (4-item)		
14. Guests are able to trust hotel employees.	.755	.897
15. You feel safe in your dealing with hotel employees.	.794	
16. Hotel employees are polite at all times.	.715	
17. Hotel employees have sufficient support from the hotel to do jobs well.	.689	
Empathy (5-item)		
18. The hotel provides you with individual attention.	.670	.930
19. The hotel employees provide you with individual attention.	.720	
20. Hotel employees understand your specific needs.	.780	
21. The hotel has your best interests at heart.	.718	
22. The hotel has operating hours convenient to you.	.774	
Total		.900

Cronbach's Coefficient Alpha for Internal Consistency and Validity for the Customer

Loyalty

As shown in Table 27, the five *Customer Loyalty* dimensions for the total scale demonstrated an acceptable internal consistency, shown by $\alpha = .81$. The repeat patronage scale had a coefficient $\alpha = .89$. The price insensitivity scale had a coefficient $\alpha = .74$. The word-of-mouth scale had coefficient $\alpha = .80$.

For validity of the *Customer Loyalty* instrument, Table indicates that all items of *Customer Loyalty* dimensions have a high validity ranged between 0.70-0.87. The highest factor loading was in repeat patronage dimension: "In the near future, I intend to use this hotel more often" (0.87). The lowest factor loading also was in price insensitivity dimension: "If a competing hotel were to offer a better rate or discount on their services I would switch" (.705). This instrument had high internal consistency and validity. This means the instrument was reliable and valid and could be used for data collection and data analyses. This helps strengthen the internal validity of the study as well.

Table 27

Cronbach's Alphas and Validity for Modified Customer Loyalty (N=369)

Dimensions	Factor Loading	Alpha
Repeat Patronage		.896
I consider myself to be a loyal guest of the hotel.	.706	
In the near future, I intend to use this hotel more often.	.869	
As long as I travel to this area, I do not foresee myself switching to a different hotel.	.735	
Price Insensitivity		.741
If the hotel were to raise the price of my stay, I would still continue to be a guest of the hotel.	.792	
If a competing hotel were to offer a better rate or discount on their services I would <i>switch</i> .	.705	
Word-of-mouth		.803
I would highly recommend the hotel to my friends and family.	.691	
I am likely to make <i>negative</i> comments about the hotel to my friends and family.	.706	
Total		.813

***Correlation Matrix Between SERVQUAL Dimensions
and Customer Loyalty Dimensions***

Pearson *r* correlation coefficients were used to examine the functional relationships between two variables. As shown in Table 28, for *SERVQUAL tangibles* dimension, strong positive relationships were found with the *Customer Loyalty* dimension of repeat-patronage intention ($r = .48, p \leq .001$), price insensitivity ($r = .23, p \leq .001$), and word-of-mouth ($r = .49, p \leq .001$). For *SERVQUAL reliability* dimension, strong positive relationships were found with the *Customer Loyalty* dimension of repeat-patronage intention ($r = .43, p \leq .001$), price insensitivity ($r = .22, p \leq .001$), and word-of-

mouth ($r = .53, p \leq .001$). For *SERVQUAL* responsiveness dimension, strong positive relationships were found with the *Customer Loyalty* dimension of repeat-patronage intention ($r = .46, p \leq .001$), price insensitivity ($r = .23, p \leq .001$), and word-of-mouth ($r = .51, p \leq .001$). For *SERVQUAL* assurance dimension, strong positive relationships were found with the *Customer Loyalty* dimension of repeat-patronage intention ($r = .50, p \leq .001$), price insensitivity ($r = .24, p \leq .001$), and word-of-mouth ($r = .49, p \leq .001$). For *SERVQUAL* empathy dimension, strong positive relationships were found with the *Customer Loyalty* dimension of repeat-patronage intention ($r = .61, p \leq .001$), price insensitivity ($r = .32, p \leq .001$), and word-of-mouth ($r = .63, p \leq .001$). In summary, all *SERVQUAL* dimensions were positively associated with all *Customer Loyalty* dimensions. This means that the *SERVQUAL* tangibles dimension showed strong positive relationships with the *Customer Loyalty* dimension of repeat-patronage intention, price insensitivity, and word-of-mouth. This also means that the research hypothesis in this study was confirmed, as *SERVQUAL* dimensions were significant explanatory variables of *Customer Loyalty*.

Table 28

Correlation Matrix between Modified SERVQUAL and Modified Customer Loyalty (N=369)

Dimensions	Customer Loyalty		
	Repeat – Patronage Intentions	Customer Loyalty Price Insensitivity	Customer Loyalty Words of Mouth
Tangibles	.475(***)	.228(***)	.487(***)
Reliability	.426(***)	.219(***)	.528(***)
Responsiveness	.458(***)	.232(***)	.512(***)
Assurance	.499(***)	.237(***)	.485(***)
Empathy	.609(***)	.319(***)	.625(***)

*Significant level * $\leq .05$ ** $\leq .01$ *** $\leq .001$*

Summary

Chapter 4 provided findings of this study. Findings showed that the majority group of hotels' guests of this study was female. The majority of guests' age was between 26-35 years. Hotels' Guests were perceived as working adults. For marital status, more than half of hotel guests were married. More than half of hotel guest were American. The major group of American guests was from the Mid-Atlantic region. For the annual income, hotels guests' income were considered high as shown by the highest annual average income of more than \$75,000. For educational level, the largest group of hotels guests had obtained undergraduate degrees. For occupation, many hotel guests worked as business managers. For the length of stay, the largest group of hotels' guests stayed at the hotel in South Florida about 4 days.

The 22 *SERVQUAL* scale had average total dimensions $M = 2.99$. The highest rated dimension was “responsiveness” and the lowest rated dimension was “empathy”. The 7 items *Modified Customer Loyalty* scale had average total dimensions $M = 2.45$. The highest rated dimension was “word-of-mouth” and the lowest rated dimension was “price insensitivity”.

According to Pearson r correlation coefficients, findings showed a weak inverse relationship between tangibles and length of stay ($r = -.11, p \leq .05$), a positive relationship between responsiveness and age ($r = .11, p \leq .05$), a strong inverse relationship between reliability and occupation ($r = -.15, p \leq .01$), and an inverse relationship between empathy and occupation ($r = -.12, p \leq .05$). For *Customer Loyalty*, there was a weak positive relationship between price-insensitivity and education ($r = .11, p \leq .05$).

Analyses of t -test showed that male scores were not significantly different from female scores for all *SERVQUAL* dimensions and *Customer Loyalty* dimensions. ANOVA showed no differences according to education level and occupation for all five dimensions of *SERVQUAL*. On the other hand, ANOVA showed a significant difference according to education level for repeat patronage dimensions of *Customer Loyalty*.

For regression equations, the findings showed that four dimensions of service quality: reliability ($t = 2.675, p = .008$), responsiveness ($t = 2.125, p = .034$), assurance ($t = 2.937, p = .004$), empathy ($t = 7.357, p = .0001$) were significant explanatory variables of customer loyalty. For reliability of *SERVQUAL* dimensions, the total scale indicated an acceptable internal consistency, shown by $\alpha = .90$. For reliability of *Customer Loyalty* dimensions, the total scale demonstrated an acceptable internal consistency, shown by $\alpha = .81$.

For validity of the *SERVQUAL* instrument, all items of *SERVQUAL* dimensions have a high validity ranged between 0.63-0.80. For validity of the *Customer Loyalty* instrument, all items of *Customer Loyalty* dimensions have a high validity ranged between 0.70-0.87. According to Pearson r correlation coefficients between service quality and customer loyalty dimensions, findings showed that all *SERVQUAL* dimensions were positively associated with all *Customer Loyalty* dimensions. Chapter 5 provides a discussion of the findings in terms of interpretations, implications, conclusion, and recommendations.

CHAPTER 5

DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS FOR FUTURE RESEARCH

The most important goal hotels need to accomplish is to satisfy and retain customers. Previous research showed that contented hotel guests are more likely to revisit a hotel than guests who were somehow dissatisfied (Schall, 2003). South Florida is one of the most attractive destinations in the U.S. for tourists. The hotel industry in South Florida has grown rapidly in past years to serve increased number of tourists. However, studies of the hotel industry in South Florida are limited. This study attempts to scrutinize and investigate the relationship between service quality and customer loyalty in a hotel industry in South Florida encompassing Dade, Palm Beach and Broward Counties. The specific purposes of this explanatory quantitative study were: (a) to describe hotel guests of participating hotels located in South Florida, U.S.A. in terms of socio-demographic characteristics, perceptions of service quality of service providers, and customer loyalty; (b) to scrutinize the relationships between socio-demographic characteristics, service quality dimensions, and customer loyalty; and (c) to produce connotations for service quality training in customer loyalty strategies and service improvement in the hotel industry in South Florida.

In this research, service quality was measured by perceptions of hotel guests toward the service quality of hotels located in three counties in South Florida through five dimensions of *SERVQUAL* (tangibles, reliability, responsiveness, assurance, and empathy). Customer loyalty was measured through hotel guests completing the *7-item Modified Customer Loyalty*. The sample of 405 was reached. A total of 369 hotel

customers returned questionnaires that were completed correctly. This means that all of these questionnaires were usable for processing data. Therefore, 369 people who stayed in a hotel in South Florida participated in the study. Using quota sampling, participants were approached to fill out the survey questionnaire on beaches located in three counties in South Florida.

Results demonstrated that service quality was a significant explanatory variable of customer loyalty. To be specific, empathy and assurance were significant explanatory variables of repeat patronage dimension. Empathy was a significant explanatory variable of price insensitivity. Word-of-mouth, reliability, responsiveness, assurance, and empathy were significant explanatory variables of word-of-mouth dimension. In sum, four of five *SERVQUAL* dimensions (reliability, responsiveness, assurance, and empathy) are positively significant explanatory variables of customer loyalty. Chapter 5 presents a discussion about the interpretations, limitations, implications, recommendations, and conclusions in this study about the relationship between guests' perception of service quality and customer loyalty in South Florida, U.S.A.

Interpretations

Socio- Demographic Characteristics of the Sample

According to data collected from the *Socio-Demographic Profile*, the majority group of hotel guests in this study was female. A-third of the group of guests' age was between 26-35 years. Hotel guests, for the most part were working adults. For marital status, the majority of hotel guests were married. More than half of hotel guests were American. The largest group of American guests was from the Mid-Atlantic Region. The data for annual income demonstrated that hotel guests' income was considered high

as shown by the largest group earning an average income of more than \$75,000. For educational level, nearly half of the hotel guests (42.6%) had obtained a four-year, or advanced, degree. For occupation, many hotel guests worked as a business manager. For length of stay, the majority of hotel guests stayed at the hotel in South Florida about four days.

This present study was inconsistent with Ndhlovu and Senguder's findings (2002). In the 2002 study, males were the majority group of respondents. The majority group's age was between 20-30 years, whereas the present study was between 26-35 years. However, this present study was consistent with Ndhlovu and Senguder's finding (2002) that most of respondents were graduated college level (undergraduate). This study was also inconsistent with Lau et al.'s (2005) findings that the majority of respondents were male, and more than half of participants had at least an undergraduate degree. This present study was also inconsistent with Lau et al.'s findings in terms of occupation as most of participants were professionals, managers, and traders. For the length of time staying at the hotel, this present study was also inconsistent with the 2005 study, because the majority group of Lau et al.'s study stayed only one night in a particular hotel.

In term of gender, this present study was inconsistent with findings of Skogland and Siguaw (2004) that the majority of respondents were male. However, this study was consistent with the 2004 study in terms of marital status, in which most of respondents were married. This present study was inconsistent with Skogland and Siguaw's finding about age of majority group, which were 55 or older.

As this study was the first study that examined the relationship between guests' perceptions of service quality and customer loyalty in South Florida, socio-demographic characteristics of hotel guests were original, and provided to the body of knowledge.

Hotel Guests' Perceptions of Service Quality of Service Providers

Service quality is composed of five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Tangibles are an appearance of the firm's facilities, staff, equipment, and communication resources (Schneider & White, 2004). Assurance is an ability of the firm's people to encourage confidence and trust in the firm through their understanding and politeness. Reliability is a delivery of the promised performance consistently and truthfully. Responsiveness is an eagerness of the firm to offer prompt service and facilitate guests. Empathy is a personalized awareness provided to a guest (Schneider & White, 2004).

In this study, each *SERVQUAL* item was rated on a four-point scale. Additionally, the mean score for each dimension was also reported based on the four-point scale: Responsiveness (3.06), Assurance (3.01), Tangibles (2.97), Reliability (2.97), and Empathy (2.94).

Hotel guests perceived responsiveness as the highest rated dimension of service quality provided by hotels. This means hotel guests viewed that hotels have an eagerness to provide prompt service and be of assistance. On the other hand, hotel guests perceived that hotels did not sufficiently provide personalized awareness of their needs; therefore, empathy was viewed as the lowest rated dimension of service quality.

Parasuraman et al.'s (1988) findings indicated that reliability was the highest rated dimension as viewed by customers in four industries (bank, credit card company, repair

and maintenance company, and long-distance telephone company). However, in this present study, responsiveness was the highest rate dimension, whereas reliability was the fourth highest rated dimension. Therefore, this finding was inconsistent with Parasuraman et al.'s 1988 findings.

Customer Loyalty of Hotel Industry in South Florida

Customer Loyalty of Hotel Guests

Customer loyalty consisted of three dimensions: repeat-patronage, price insensitivity, and word-of-mouth. Repeat patronage is the intention to use the hotel more often in the future, and the intention to not switch to a difference hotel (Skogland & Siguaw, 2004). Price insensitivity is the willingness to stay regardless of the increase of the service price (Skogland & Siguaw, 2004). Word-of-mouth is the willingness to recommend the hotel to hotel guests' friends and family (Skogland & Siguaw, 2004).

In this study, each *Modified Customer Loyalty* item was rated on a 4-point scale. Furthermore, the mean score for each dimension was reported based on a 4-point scale: Word-of-mouth (2.81), Repeat Patronage (2.47), and Price Insensitivity (2.08).

Hotel guests selected word-of-mouth as the highest rated dimension of customer loyalty. This finding may indicate that hotel guests were likely to recommend hotels' service to friends and families. On the other hand, hotel guests chose price insensitivity as the lowest rated dimension of customer loyalty. This finding may indicate that hotel guest would be less likely to stay if the service price increased.

Although the 7-item *Customer Loyalty* was modified from the original version of Customer Satisfaction and Loyalty instrument developed by Skogland and Siguaw (2004), this questionnaire was the first that used only single seven-item of the original version to

measure customer loyalty of hotel guests using a four-point scale. Therefore, the mean score of customer loyalty of hotel industry in South Florida contributed to the body of knowledge.

***The Relationships Between Hotels' Guests' Socio-Demographic Characteristics
Compared with Other Service Quality***

Dimensions and Customer Loyalty

This present study examined relationships between socio-demographic characteristics and hotel guests' perceptions, and customer loyalty. For *SERVQUAL*, the results showed that the age of hotels guests was associated with responsiveness. In addition, findings indicated that occupation was associated with reliability and empathy. These findings may provide evidence that occupation influenced the perception of hotel guests toward reliability and empathy of service employees. Further, the length of stay was associated with tangibles. This finding provides evidence that the length of stay had been effected by an appearance of the hotel's facilities, employees, equipment, and communication resources. For *Customer Loyalty* dimensions, the finding showed that education level was associated with price insensitivity. This finding may indicate that education level impacted the intention to stay regardless of the increase of the service price. The higher the education, the more likely that hotels' guest would stay with the hotel, regardless of the increase of price.

To compare the perception of service quality between male and female hotel guests, this study found no difference regarding perceptions between males and females. This finding provides evidence that hotels in three counties in South Florida had provided equal services to both male and female guests. This present study was consistent with

Ndhlovu and Senguder's (2002) findings that gender did not have a different perception toward service quality in hotels.

To compare the loyalty of hotel guests, this study also found no difference regarding loyalty between males and females. This finding may indicate that both male and female hotel guests had a similar intention for loyalty. As Skogland and Siguaw (2004) did not compare the difference between genders for customer loyalty, this present study contributes new knowledge in this area.

To compare the relationship between education level and occupation and service quality, findings demonstrated no significant difference. This may indicate that there was no difference according to educational level and occupation as related to the perceptions of all five dimensions of service quality. Little research reported the relationships between socio-demographic variables, especially education level and occupation and service quality. Therefore, this present study contributes new knowledge in this area.

To compare the relationship between education level and occupation and customer loyalty, findings demonstrated no significant difference for price insensitivity and word-of-mouth. However, there was significant difference for repeat patronage according to education. As Skogland and Siguaw (2004) did not use ANOVA to compare socio-demographic variables and customer loyalty, this present study provides new knowledge in this area.

Socio-demographic Characteristics and SERVQUAL in

Explaining Customer Loyalty

The findings indicated that hotel guests' education level influenced price insensitivity dimension of customer loyalty. This finding provides new knowledge in this field as no study found this relationship before, according to the literature review.

For regression equations, the findings provided evidence that hotel guests' perception of service quality influenced customer loyalty measured by *7-item Modified Customer Loyalty*. Four dimensions of service quality (reliability, responsiveness, assurance, and empathy) influenced customer loyalty.

According to Skogland and Siguaw (2004), the results on the relationship between repeat-purchase behavior and satisfaction were unclear. This present study was inconsistent with the 2004 findings, as this study provided evidence of a relationship between service quality dimensions and repeat-patronage dimension of customer loyalty. Further, this present study did not confirm Skogland and Siguaw's (2004) findings that the main factors influencing customer loyalty were hotel design and facilities as tangibles dimensions of service quality is not a significant explanatory variable of customer loyalty.

This present study partially confirmed Ganesh, Arnold, and Reynolds's statement (2000) that "people factor" (i.e., service quality), in terms of tangibility, reliability, responsiveness, assurance, and empathy may be the most significant in determining overall contentment and repeated purchasing in service industries as only two dimensions of *SERVQUAL* (assurance and empathy) are significant explanatory variables of repeat patronage dimension of customer loyalty. This present study partially confirmed King's (1995) proposition that a hotel needs to understand what customer's needs and desires,

and fulfill them (empathy) to help increase customer loyalty and create repeat-patronage of customers. King (1995), as this present study, found empathy and assurance are significant explanatory variables of repeat-patronage dimension of customer loyalty.

This present study confirmed Bitner's (1990) findings that satisfaction directly influenced loyalty arbitrated by quality perception. In addition, the findings of this study showed that satisfaction had a direct impact on loyalty quality to satisfaction, satisfaction to loyalty. This present study also confirmed Bloemer's (1995) findings that the connection between service quality and loyalty had an impact on the relationship between service quality and loyalty (as cited in Homburg & Glering, 2001).

This present study did not confirm Lau et al.'s (2005) findings that tangibles, reliability, and assurance were significant in influencing towards overall satisfaction (loyalty), whereas empathy and responsiveness were not significant in contributing toward overall satisfaction (loyalty).

***Cronbach's Coefficient Alpha for the Five Dimensions of SERVQUAL
and the Modified Customer Loyalty***

The reliability coefficients of the five dimensions of *modified SERVQUAL* were consistent with the original version developed by Parasuraman et al. (1988). Cronbach's coefficient of the total scale of the original *SERVQUAL* had very high internal consistency ($\alpha=.92$) according to Nunnally's (1978) analysis, the Cronbach's coefficient of the total scale for the *modified SERVQUAL* used in this study was considered as having high internal consistency ($\alpha=.90$) as well. For the validity, the *modified SERVQUAL* showed highly acceptable score ($\alpha=.70-.80$), which was consistent with the original version. This also was consistent with Lau et al.'s (2005) finding that the

internal consistency of modified *SERVQUAL* instrument had the overall alphas higher than 0.80. This confirms Parasuraman et al.'s (1988) findings that the *SERVQUAL* instrument could be employed in numerous services without revision as the *SERVQUAL* has high reliability and validity.

For the *7-item Modified Customer Loyalty*, the result demonstrated high internal consistency of the total scale ($\alpha=.81$). The validity of this instrument also showed high score ranged between .70-.80. However, this instrument was adapted from Skogland and Siguaw's (2004) instrument, and those researchers did not report the reliability and validity of the instrument. Therefore, this study contributes new knowledge in this field regarding reliability and validity of *Modified Customer Loyalty* instrument.

Correlation Among SERVQUAL Dimensions and Customer Loyalty Dimensions

The *SERVQUAL* tangibles dimension demonstrated strong positive relationships with the *Customer Loyalty* dimension of repeat-patronage intention, price insensitivity, and word-of-mouth. The *SERVQUAL* reliability dimension provided evidence of strong positive relationships with the *Customer Loyalty* dimension of repeat-patronage intention, price insensitivity, and word-of-mouth. The *SERVQUAL* responsiveness dimension indicated strong positive relationships with the *Customer Loyalty* dimension of repeat-patronage intention, price insensitivity, and word-of-mouth. The *SERVQUAL* assurance dimension provided evidence of strong positive relationships with the *Customer Loyalty* dimension of repeat-patronage intention, price insensitivity, and word-of-mouth. The *SERVQUAL* empathy dimension demonstrated strong positive relationships with the *Customer Loyalty* dimension of repeat-patronage intention, price insensitivity, and word-of-mouth. As no previous study, based on the literature review, had examined the

relationship between *SERVQUAL* dimensions and *Customer Loyalty* dimensions used in this present study. Therefore, these relationships among *SERVQUAL* dimensions and *Customer Loyalty* dimensions conducted in this present study provide new knowledge in this field.

Practical Implications

1. Hotels in three counties in South Florida should put more focus on improving reliability, responsiveness, assurance, and empathy as this study found these factors to be significant explanatory variables of customer loyalty.
2. Hotels in South Florida should place greater emphasis on improving assurance and empathy as this study found these factors to be significant explanatory variables of repeat patronage dimension of customer loyalty.
3. Hotels in South Florida should place better focus on developing empathy of hotels' employees as this present study found this factor to be a significant explanatory variable of price insensitivity dimension of customer loyalty.
4. Hotels in South Florida should pay more attention to increasing reliability, responsiveness, assurance, and empathy as this study found these factors to be significant explanatory variables of the word-of-mouth dimension of customer loyalty.
5. Hotels in South Florida need to pay less attention on improving tangibles of the hotels as this present study found tangibles to be an insignificant explanatory variable of customer loyalty. This may be because the mode of the hotels' guests length of stay was four days, thus the guests were accustomed with the appearance some of tangibles provided by the hotel. Also, the guests may search

for information regarding the facilities (tangibles) of the hotels prior to reservation. Tangibles may have been important in the first place when guests made a decision to stay at the hotel, but once they stayed for a couple of days, concerns shifted to reliability, responsiveness, assurance, and empathy rather than tangibles of the hotels.

6. Hotels in South Florida, located in Miami-Dade, Broward and Palm Beach counties, should conduct a training plan and workshop to strengthen the hotels' service quality in terms of reliability, responsiveness, assurance, and empathy.

Conclusions

1. The research hypothesis in this study was accepted as socio-demographic variables and *SERVQUAL* dimensions were significant explanatory variables of *Customer Loyalty*.
2. Assurance and empathy dimensions of service quality are significant explanatory variables of repeat patronage dimensions of customer loyalty of hotel guests in South Florida measured by *Customer Loyalty*. These dimensions should be major areas of focus for hotel managers to increase customer loyalty in terms of repeat patronage.
3. Empathy dimension of service quality is a significant explanatory variable of price insensitivity dimension of customer loyalty of hotels' guests in South Florida measured by *Customer Loyalty*. This dimension can be a key area for hotel managers for developing customer loyalty in terms of price insensitivity.
4. Reliability, responsiveness, assurance, and empathy dimensions of service quality are significant explanatory variables of word-of-mouth dimensions of customer

- loyalty of hotel guests in South Florida measured by *Customer Loyalty*. These dimensions could be the most important area for hotel managers to target to strengthen customer loyalty in terms of word-of-mouth.
5. Reliability, responsiveness, assurance, and empathy dimensions of service quality are significant explanatory variables of customer loyalty of hotel guests in South Florida measured by *Customer Loyalty*. These dimensions have been consistently confirmed through the literatures, in hotel and other service industries. These dimensions could be the most important area for hotel managers to focus on increase customer loyalty.
 6. Increasing four significant variables of service quality in the hotel industry in South Florida will help strengthen three dimensions of customer loyalty automatically.
 7. Tangibles such as dimension of service quality may not be important factors influencing customer loyalty in the hotel industry in South Florida.
 8. Hotel guests' perceptions of service quality provided by hotels in South Florida are distinctive based on the selection of customer socio-demographic characteristics encompassing gender, age, marital status, occupation, education level, annual income, nationality, and length of stay.
 9. Hotel Guests' preferences for service quality may vary because of cross-cultural nationality variations among American and Non-American participants.
 10. Hotel guests showed loyalty to the hotels in South Florida. They will recommend their friends and families using or buying services from the hotels according to their perception of service quality.

11. *SERVQUAL* and *Customer Loyalty* have been reliable and valid according to high Cronbach's alpha score and high validity score. However, using this instrument in other studies needs to be done with caution.
12. The hotel managers should place more emphasis on the length of stay of customers, especially customers who stayed four days or longer at hotels in south Florida. They could launch special programs like tourist packages with the minimum length of stay of four days for target groups. Also, in order to encourage customers who stayed at the hotel less than four days to spend more days in the hotel, managers could customize the programs and services that best fit customers' needs.
13. The sample size was adequate and systematic probability sampling was used. Furthermore, the final data producing sample closely represented the distribution of hotels in the tri-county area depicted in the quota sampling plan goals (see Table 6), further strengthening external validity. As a result, findings of this study may be generalized to hotel guests in South Florida who use South Florida beaches. Generalizing beyond this population must be with caution.

Limitations

1. The present study is one of the more inclusive studies about service quality and customer loyalty in the service industry, especially in the hotel industry in South Florida, with instruments having high reliability and validity, an adequate sample size, probability sampling, and sound data analyses. However, this study has the following limitations:

- 1.1 The design may threaten internal validity of this present study because this is a non-experimental study.
- 1.2 Instruments used in this present study were modified to a 4-point scale, which may threaten the decision of respondents in terms of neutral decision or the feelings between agree and disagree.
2. Participants were limited to those who stayed at least one night at a hotel in Dade, Palm Beach and Broward counties in South Florida. Findings cannot be generalized to service quality and customer loyalty for other hotel industries other than this area.
3. The research was conducted in Dade, Palm Beach and Broward counties in South Florida, U.S.A. Using quota sampling, results may only be generalized to a similar hotel industry, with similar customer characteristics and services.

Recommendations for Future Study

1. Increase the number of items for *Customer Loyalty*, especially price insensitivity to increase internal consistency.
2. Conduct a MANOVA with this study's data in a secondary analysis with multiple independent and multiple dependent variables: the five dimensions of the *SERVQUAL* and socio-demographic variables serve as the independent variables, and three reliable dimensions of the *Modified Customer Loyalty* serve as the dependent variables.
3. Conduct a replication study using a larger sample size and encompassing all counties in South Florida to strengthen generalizability of findings about the relationships between service quality and customer loyalty.

4. Conduct replication study using a larger sample size in three counties to compare the difference of perceptions between Americans and Non-Americans.
5. Conduct a quantitative study focusing on the relationship between service quality and customer loyalty in specific hotels in South Florida to increase internal validity as hotel guests will have a quiet place to sit and complete the survey questionnaire.
6. Conduct a quantitative study using stratified sample to collect data based on the portion of hotels located in each county to strengthen external validity of the study.
7. Conduct a casual-comparative study using four-star and five-star hotels as the sample to examine the difference between these two types of hotels about the relationship between service quality and customer loyalty.
8. Conduct a qualitative study to explore hotel guests' perceptions of service quality and their loyalty.
9. Conduct a replication study in other service industries in South Florida.
10. Future studies should focus on the relationship between customer loyalty and other factors that can cause customers to use services with a hotel, such as the hotel's reputation, special services, promotion, and location, etc.

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Appendix A

Authorization for Voluntary Consent



Lynn University

**THIS DOCUMENT SHALL ONLY BE USED TO PROVIDE AUTHORIZATION FOR
VOLUNTARY CONSENT**

PROJECT TITLE: Relationship between Guest Perceptions of Service Quality and Customer Loyalty in the Hotel Industry in South Florida.

Project IRB Number: 2005-030 Lynn University 3601 N. Military Trail Boca Raton, Florida 33431

I, "Jim" Chen-Hsien Lin, am a doctoral student at Lynn University. I am studying Global Leadership, with a specialization in Corporate and Organizational Management. Part of my education is to conduct a research study.

DIRECTIONS FOR THE PARTICIPANT:

You are being asked to participate in my research study. Please read this carefully. This form provides you with information about the study. The Principal Investigator (Chen-Hsien Lin or his representative) will answer all of your questions. Ask questions about anything you don't understand before deciding whether or not to participate. You are free to ask questions at any time before, during, or after your participation in this study. Your participation is entirely voluntary and you can refuse to participate without penalty or loss of benefits to which you are otherwise entitled.

PURPOSE OF THIS RESEARCH STUDY: The study is about the guest perceptions of service quality and customer loyalty in the hotel industry in South Florida. There will be approximately 405 people participating in this study. These are customers lodging in hotels in south Florida. Participants are at least 18 years and older. Participants must be able to fluently read, speak, and write in English.

PROCEDURES: You will first complete a background survey. Then you will be asked to complete a 22-item survey about your perceptions of service quality provided by service providers in the hotel (SERVQUAL) and a 7-item survey about customer loyalty. This survey will take less than 10 minutes to complete. If necessary, the researcher (Chen-Hsien Lin) or representative can help you in completing the surveys. To ensure that you remain anonymous, you will complete the survey in private, place the survey in an envelope, and then place it in a "mail box" with a "slit."

POSSIBLE RISKS OR DISCOMFORT: This study involves minimal risk. You may find that some of the questions are sensitive in nature. In addition, participation in this study requires a minimal amount of your time and effort.

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POSSIBLE BENEFITS: There may be no direct benefit to you in participating in this research. But knowledge may be gained which may help may help to improve the quality of service provided in hotels.

FINANCIAL CONSIDERATIONS: There is no financial compensation for your participation in this research. There are no costs to you as a result of your participation in this study.

ANONYMITY Surveys will be anonymous. You will not be identified and data will be reported as "group" responses. Participation in this survey is voluntary and return of the completed survey will constitute your informed consent to participate. The surveys will be kept in a locked depository box for a period of five years, and then will be destroyed. The results of this study may be published in a dissertation, scientific journals or presented at professional meetings. In addition, your individual privacy will be maintained in all publications or presentations results from this study.

RIGHT TO WITHDRAW: You are free to choose whether or not to participate in this study. There will be no penalty or loss of benefits to which you are otherwise entitled if you choose not to participate.

CONTACTS FOR QUESTIONS/ACCESS TO CONSENT FORM: Any further questions you have about this study or your participation in it, either now or any time in the future, will be answered by Chen-Hsien Lin (Principal Investigator) who may be reached at: [REDACTED] and Dr. Linsley T. Deveau, faculty advisor who may be reached at: ([REDACTED]) For any questions regarding your rights as a research subject, you may call Dr. Farideh Farazmand, Chair of the Lynn University Institutional Review Board for the Protection of Human Subjects, at [REDACTED] If any problems arise as a result of your participation in this study, please call the Principal Investigator (Chen-Hsien Lin) and the faculty advisor (Dr. Linsley T. Deveau) immediately.

A copy of this consent form will be given to you.

INVESTIGATOR'S AFFIDAVIT:

I have carefully explained to the subject the nature of the above project. The person participating has represented to me that he/she is at least 18 years of age, and that he/she does not have a medical problem or language or educational barrier that precludes his/her understanding of my explanation. I hereby certify that to the best of my knowledge the person participating in this project understands clearly the nature, demands, benefits, and risks involved in his/her participation.

Date of IRB Approval: 7/21/05 7.7.

[REDACTED]
Signature of Investigator

Institutional Review Board for the Protection of Human Subjects
Lynn University
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Appendix B
Three-Part Survey Instrument

Three-Part Survey

Part 1: Socio-Demographic Profile

Directions: This section contains a few demographic questions for categorization purposes only. Please check “√” in front of the most appropriate option that best describes you.

1) Gender: ☐ Male ☐ Female

2) Age: ☐ 18-25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ 56-65 ☐ Above 65

3) Marital Status (Check one):

☐ Single/Never Married ☐ Married ☐ Separated ☐ Divorced ☐ Widowed

4) Nationality:

☐ **U.S.A (If U.S.A, what state do you live in now, Please specify which Region)**

☐ **Mid-Atlantic** (Delaware, Maryland, New Jersey, New York, Pennsylvania, West Virginia)

☐ **New England** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)

☐ **North Central** (Minnesota, North Dakota, South Dakota, Kansas, Nebraska, Montana, Wyoming)

☐ **Midwest** (Ohio, Indiana, Michigan, Wisconsin, Illinois, Iowa)

☐ **South** (Virginia, Kentucky, Missouri, Arkansas, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Florida)

☐ **West** (Idaho, Washington, Colorado, Oregon, Alaska, Utah, California, Texas, Oklahoma, New Mexico, Arizona, Nevada, Hawaii)

☐ **Non-U.S.A (Please specify which Continent, presently live)**

☐ Africa ☐ Asia ☐ Europe ☐ Oceania

☐ North America ☐ South America

5) Annual Household Income:

☐ Less than \$20,000 ☐ \$20,000-\$35,000 ☐ \$35,001-\$50,000

☐ \$50,001-\$75,000 ☐ More than \$75,000

6) Education Level:

☐ Below High School ☐ High School Diploma

☐ Vocational/Technical Degree ☐ Some College ☐ Associate Degree

☐ Undergraduate Degree ☐ Graduate Degree

7) Occupation:

☐ Executive of large concern, proprietor, and major professional

☐ Business manager, proprietor of medium-sized business, and mid-level professional

☐ Administrative personnel, owner of small business, and low-level professional

- ☐ Clerical and sales worker, technician, and owner of home business
- ☐ Skilled manual employee
- ☐ Machine operators and semiskilled employee
- ☐ Manual worker
- ☐ Other

8) In which hotel are you staying?

(Hotel Name _____)

9) Length of Stay:

- ☐ 1 day ☐ 2 days ☐ 3 days ☐ 4 days ☐ 5 days
- ☐ 6 days ☐ 7 days ☐ 8 or more days

Part 2: SERVQUAL

Direction: This survey is about your perceptions toward the hotel that you currently are staying in. Please indicate how strongly you agree or disagree with each of the statements presented below by **circling** on the most appropriate option.

4-Strongly Agree 3-Agree 2-Disagree 1-Strongly Disagree

There are no right answers or wrong answers. All we are interested in is a number that best shows your perceptions about the hotel.

Questions	Strongly Agree		Strongly Disagree	
	SA	A	D	SD
1. The hotel has up-to-date equipment.	4	3	2	1
2. The hotel has visually appealing facilities.	4	3	2	1
3. Hotel employees are well dressed and appear neat.	4	3	2	1
4. The hotel's appearance is as it should be.	4	3	2	1
5. The hotel keeps its promise of doing things on time.	4	3	2	1
6. If you have a problem, the hotel enthusiastically shows the willingness to solve it right away.	4	3	2	1
7. The hotel service is dependable.	4	3	2	1
8. The hotel provides services as promised.	4	3	2	1
9. The hotel maintains accurate records.	4	3	2	1
10. Hotel employees are able to tell you exactly when services will be performed.	4	3	2	1
11. Hotel patrons are able to expect prompt services.	4	3	2	1
12. Hotel employees are willing to help guests	4	3	2	1
13. Even if busy, hotel employees are available to meet your needs.	4	3	2	1
14. Guests are able to trust hotel employees.	4	3	2	1
15. You feel safe in your dealing with hotel employees.	4	3	2	1
16. Hotel employees are polite at all times.	4	3	2	1
17. Hotel employees have sufficient support from the hotel to do jobs well.	4	3	2	1
18. The hotel provides you with individual attention.	4	3	2	1
19. The hotel employees provide you with individual attention.	4	3	2	1
20. Hotel employees understand your specific needs.	4	3	2	1
21. The hotel has your best interests at heart.	4	3	2	1
22. The hotel has operating hours convenient to you.	4	3	2	1

This survey is modified from original SERVQUAL developed by Parasuraman et al. (1988), and used with their permission.

Part 3: Customer Loyalty

Direction: This survey is about your perceptions toward the hotel that you currently stay in South Florida area. Please indicate how strongly you agree or disagree with each of the statements presented below by **circle** on the most appropriate option.

4-Strongly Agree 3-Agree 2-Disagree 1-Strongly Disagree

There are no right answers or wrong answers. All we are interested in is a number that best shows your perceptions about the hotel.

Questions	Strongly Agree				Strongly Disagree
	SA	A	D		SD
1. I consider myself to be a loyal guest of the hotel.	4	3	2		1
2. If the hotel were to raise the price of my stay, I would still continue to be a guest of the hotel.	4	3	2		1
3. If a competing hotel were to offer a better rate or discount on their services I would <i>switch</i> .	4	3	2		1
4. In the near future, I intend to use this hotel more often.	4	3	2		1
5. As long as I travel to this area, I do not foresee myself switching to a different hotel.	4	3	2		1
6. I would highly recommend the hotel to my friends and family.	4	3	2		1
7. I am likely to make <i>negative</i> comments about the hotel to my friends and family.	4	3	2		1

This survey is part of the original customer loyalty survey developed by Skogland and Siguaw in 2004, and used with their permission.

Appendix C
IRB Approval



Lynn University

Principal Investigator: Chen-Hsien Lin

Project Title: Relationship between Guest Perceptions of Service Quality and Customer Loyalty in the Hotel Industry in South Florida

IRB Project Number 2005-030

APPLICATION AND PROTOCOL FOR REVIEW OF RESEARCH INVOLVING HUMAN SUBJECTS OF A NEW PROJECT: Re quest for Exempt Status ☒ Expedited Review ☐ Convened Full-Board ☐

IRB ACTION by the IRB Chair or Another Member or Members Designed by the Chair

Exemption Status (See FORM 2): Approved ☒; Approved w/ provision(s) ☐
Expedited Review (See FORM 3): Approved ☐; Approved w/ provision(s) ☐


COMMENTS

Consent Required: No ☐ Yes ☒ Not Applicable ☐ Written ☒ Signed ☐
Consent forms must bear the research protocol expiration date of 7/21/2006.

Application to Continue/Renew is due:

- (1) For review of research with exempt status, by a College or School Annual Review of Research Committee ☒. If the academic unit ("The Colleges and Schools") where the researcher is assigned does not have a committee in place, the application to Continue/Renew is submitted to the IRB, for an Expedited IRB Review no later than one month prior to the due date.

Name of IRB Chair (Print) Farideh Farazmand

Signature of IRB Chair  Date: 7/21/05

Cc. Dr DeVea

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Appendix D

Permission Letter of the Instrument Developer (*SERVQUAL*)

Permission letter of the instrument developer (SERVQUAL)

(*SERVQUAL*)

Subject: RE: Hi Dear Dr. Parasuraman, this is Jim

Date: 2005 年 5 月 11 日 2:24:54

From: Parasuraman, A <[REDACTED]>

To: "Jim Lin" <[REDACTED]>

Dear Jim,

Thanks for your inquiry. I am hereby pleased to grant you permission to use the *SERVQUAL* instrument for your dissertation research. Best wishes.

Sincerely,
Parasuraman

A. "Parsu" Parasuraman
Professor & Marketing Department Chair
University of Miami
[REDACTED]
[REDACTED]

From: Jim Lin [mailto:[REDACTED]]

Sent: Sun 5/8/2005 5:36 PM

To: Parasuraman, A

Subject: Hi Dear Dr. Parasuraman, this is Jim

Hi Dear Dr. Parasuraman:

With all respect, I am writing this letter to ask your permission to use the instrument in your article "*Servqual*: A multiple-item scale for measuring consumer perceptions of service quality".

I am so sorry to bother you. My name is Chen-Hsien (Jim) Lin, a PH.D student in Lynn University, Florida, USA. The PH.D program that I am enrolled in is Organizational Management in Global Leadership. My dissertation topic is "THE RELATIONSHIP BETWEEN HOTEL Guest's PERCEPTIONS OF SERVICE QUALITY AND CUSTOMER LOYALTY IN THE HOTEL INDUSTRY OF SOUTH FLORIDA, U.S.A", I found that the instrument you used in the article "Servqual: A multiple-item scale for measuring consumer perceptions of service quality" is the most appropriate one that I believe it is the best for my research.

I am earnestly asking for your help to further my study. I would like you to consider letting me use/adapt of the instrument in your article. I will only use the instruments in the part of customer satisfaction and customer loyalty in my dissertation. Your help is mostly appreciated and looking forward to hearing from you soon.

Sincerely Yours

Jim Lin

Appendix E

Permission Letter of the Instrument Developer (Customer Loyalty)

(Customer Loyalty)

Subject: RE: Hi Dear Dr. Siguaw, This is Jim

Date: 2005 年 1 月 26 日 12:46:25

From: Siguaw, Judy [REDACTED]

To: "Jim Lin" [REDACTED]

Dear Jim,

Yes, you may use the survey instrument and quote from the paper provided you appropriately cite what you are doing so that you cannot be accused of plagiarism.

We were able to use our extensive Cornell alumni network for the data collection. We called an alumnus executive of a hotel management company and he asked two of his general managers to cooperate with us by giving us randomly selected names from the databases of their hotels. I would suggest that you also work with a corporate headquarters to gain their cooperation and assistance. You will want to use more than one hotel for your data collection.

Best of luck on your work.

Dr. Siguaw

*Dr. Judy A. Siguaw
J. Thomas Clark Professor of Entrepreneurship & Personal Enterprise
Cornell University
School of Hotel Administration
545 Statler Hall
Ithaca, NY 14853-6902
Phone: [REDACTED]
Fax: [REDACTED]
E-mail: [REDACTED]*

-----Original Message-----

From: Jim Lin [REDACTED]
Sent: Wednesday, January 26, 2005 12:32 AM
To: Siguaw, Judy
Subject: Hi Dear Dr. Siguaw, This is Jim

Hi Dear Dr. Siguaw:

This is Chen-Hsien Lin (Jim), again. Sorry to bother you so many times.

I am writing to ask for your permission to quote some parts of your excellent paper, and to use and/or adapt your questionnaire for my study. I think your extremely well-researched paper on this subject would be very helpful in preparing my report. I would very much appreciate your kind permission via e-mail.

In addition, I have an issue which is how you can contact the hotel for data collection; I would very much appreciate it if you would kindly indicate your collecting method.

I hope to hear from you soon. Thank you.

Sincerely yours,

Jim Lin

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